

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL 315

Agriculture/Environment/Natural Resources Committee Substitute Adopted 6/6/19
Judiciary Committee Substitute Adopted 6/11/19
Finance Committee Substitute Adopted 6/12/19
Fifth Edition Engrossed 6/17/19
House Committee Substitute Favorable 7/1/19
House Committee Substitute #2 Favorable 7/17/19
House Committee Substitute #3 Favorable 7/25/19

Short Title: North Carolina Farm Act of 2019.

(Public)

Sponsors:

Referred to:

March 21, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE VARIOUS CHANGES TO THE AGRICULTURAL LAWS OF THE
3 STATE.

4 The General Assembly of North Carolina enacts:

5
6 **IMPLEMENT A STATE HEMP PROGRAM IN ACCORDANCE WITH SECTION**
7 **10113 OF THE FEDERAL AGRICULTURE IMPROVEMENT ACT OF 2018, TO BE**
8 **ADMINISTERED BY THE NORTH CAROLINA HEMP COMMISSION UNTIL JULY**
9 **1, 2021**

10 SECTION 1.(a) Article 50E of Chapter 106 of the General Statutes reads as
11 rewritten:

12 "Article 50E.

13 "~~Industrial Hemp~~ North Carolina Hemp Commission.

14 "**§ 106-568.50. Legislative findings and purpose.**

15 ~~The General Assembly finds and declares that it is in the best interest of the citizens of North~~
16 ~~Carolina to promote and encourage the development of an industrial hemp industry in the State~~
17 ~~in order to expand employment, promote economic activity, and provide opportunities to small~~
18 ~~farmers for an environmentally sustainable and profitable use of crop lands that might otherwise~~
19 ~~be lost to agricultural production. The purposes of this Article are to establish an agricultural~~
20 ~~pilot program for the cultivation of industrial hemp in the State, to provide for reporting on the~~
21 ~~program by growers and processors for agricultural or other research, and to pursue any federal~~
22 ~~permits or waivers necessary to allow industrial hemp to be grown in the State.~~

23 The General Assembly finds and declares that hemp is a viable agriculture commodity in this
24 State and that it is in the best interest of the citizens of North Carolina to:

- 25 (1) Promote the cultivation and processing of hemp, and open new commercial
26 markets for farmers and businesses through the sale of hemp products.
27 (2) Promote the expansion of the State's hemp industry to the maximum extent
28 permitted by law, allowing farmers and businesses to cultivate, handle, and
29 process hemp and sell hemp products for commercial purposes.



1 (3) Encourage and empower research into hemp growth and hemp products at
2 State institutions of higher education and in the private sector.

3 (4) Move the State and its citizens to the forefront of the hemp industry.

4 **"§ 106-568.51. Definitions.**

5 The following definitions apply in this Article:

6 (1) Repealed by Session Laws 2018-113, s. 4, effective June 27, 2018.

7 (1a) Cannabidiol or CBD. – The nonpsychoactive cannabinoid compound derived
8 from the hemp variety of the plant *Cannabis sativa* (L.) that is essentially free
9 of plant material and does not exceed the federally defined THC level for
10 hemp.

11 (1b) Cannabinoid. – Means any of the terpenophenolic compounds found within
12 the plant *Cannabis sativa* (L.) that are functionally or structurally similar,
13 biologically active, and are classified in subgroups such as Cannabigerols
14 (CBG), Cannabichromenes (CBC), Cannabidiols (CBD),
15 tetrahydrocannabinols (THC), Cannabinol (CBN), Cannabicyclol (CBDL),
16 and all other chemical cannabinoid constituents derived from hemp.

17 (1c) Commercial sale. – The sale of products in the stream of commerce, at retail,
18 wholesale, and online.

19 (2) ~~Commercial use. – The use of industrial hemp as a raw ingredient in the~~
20 ~~production of hemp products.~~

21 (3) ~~Commission. – The North Carolina Industrial Hemp Commission created by~~
22 ~~this Article.~~

23 (3a) Cultivating. – Planting, watering, growing, or harvesting a plant or crop.
24 "Cultivating" also includes possessing or storing hemp plants for any period
25 of time on the premises where the hemp was cultivated and transporting hemp
26 to the first point of sale by the cultivator.

27 (4) ~~Department. – The North Carolina Department of Agriculture.~~
28 ~~Agriculture and Consumer Services.~~

29 (4a) Federally defined THC level for hemp. – A delta-9 THC concentration of not
30 more than three-tenths percent (0.3%) on a dry weight basis.

31 (5) ~~Grower. – Any person licensed to grow industrial hemp by the Commission~~
32 ~~pursuant to this Article.~~

33 (5a) Handling. – Possessing or storing hemp plants for any period of time on
34 premises owned, operated, or controlled by a person licensed to handle hemp.
35 "Handling" also includes possessing or storing hemp plants in a vehicle for
36 any period of time other than during its actual transport from the premises of
37 a person licensed to cultivate, handle, or process hemp to the premises of
38 another licensed person. "Handling" does not include possessing or storing
39 finished hemp products.

40 (5b) Hemp. – The plant *Cannabis sativa* (L.) and any part of that plant, including
41 the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids,
42 salts, and salts of isomers, whether growing or not, within the federally
43 defined THC level for hemp.

44 (5c) Hemp extract. – An extract from hemp, or a mixture or preparation containing
45 hemp plant material or compounds, within the federally defined THC level for
46 hemp.

47 (6) ~~Hemp products. – All products made from industrial hemp, including, but not~~
48 ~~limited to, cloth, cordage, fiber, food, fuel, paint, paper, particleboard,~~
49 ~~plastics, seed, seed meal and seed oil for consumption, and verified propagules~~
50 ~~for cultivation if the seeds originate from industrial hemp varieties.~~
51 ~~product. –~~
 Any product within the federally defined THC level for hemp derived from,

1 or made by, processing hemp plants or plant parts, that are prepared in a form
 2 available for commercial sale, including, but not limited to, cosmetics,
 3 personal care products, food intended for animal or human consumption as
 4 approved by the United States Food and Drug Administration or the United
 5 States Department of Agriculture, cloth, cordage, fiber, fuel, paint, paper,
 6 particleboard, plastics, and any product containing one or more hemp-derived
 7 cannabinoids, such as cannabidiol. "Hemp product" does not include
 8 smokable hemp.

9 ~~(7) Industrial hemp.—All parts and varieties of the plant *Cannabis sativa* (L.),~~
 10 ~~cultivated or possessed by a grower licensed by the Commission, whether~~
 11 ~~growing or not, that contain a delta 9 tetrahydrocannabinol concentration of~~
 12 ~~not more than three tenths of one percent (0.3%) on a dry weight basis.~~

13 ~~(7a) Industrial hemp research program.—The research program established~~
 14 ~~pursuant to G.S. 106-568.53(1).~~

15 ~~(7b) State land grant university.—North Carolina State University and North~~
 16 ~~Carolina A&T State University.~~

17 ~~(7c) Licensee.—An individual or business entity possessing a license issued by the~~
 18 ~~Commission under the authority of this Article to cultivate or handle hemp.~~

19 ~~(7d) Processing.—Converting an agricultural commodity into a marketable form.~~

20 ~~(7e) Smokable hemp.—A product that does not exceed the federally defined THC~~
 21 ~~level for hemp in a form that allows THC to be introduced into the human~~
 22 ~~body by inhalation of smoke. "Smokable hemp" includes hemp buds, hemp~~
 23 ~~flowers, whole or ground raw hemp plant material, hemp cigars, and hemp~~
 24 ~~cigarettes.~~

25 ~~(8) Tetrahydrocannabinol or THC.—The natural or synthetic equivalents of the~~
 26 ~~substances contained in the plant, or in the resinous extractives of, cannabis,~~
 27 ~~or any synthetic substances, compounds, salts, or derivatives of the plant or~~
 28 ~~chemicals and their isomers with similar chemical structure and~~
 29 ~~pharmacological activity.~~Any of the chemical analogues belonging to the
 30 Cannabinoid subgroup Tetrahydrocannabinol. These compounds include the
 31 chemical equivalents contained in the plant *Cannabis sativa* (L.), or in the
 32 resinous extractive compounds, salts, or derivatives of the plant or chemicals
 33 and their isomers with similar chemical structure and pharmacological
 34 activity.

35 ~~(9) Verified propagule.—A seed or clone from an industrial hemp plant from~~
 36 ~~which THC concentration samples have been tested by a qualified laboratory~~
 37 ~~and confirmed as having a delta 9 tetrahydrocannabinol concentration less~~
 38 ~~than that adopted by federal law in the Controlled Substances Act, 21 U.S.C.~~
 39 ~~§ 801, et seq.~~

40 **"§ 106-568.52. North Carolina Industrial Hemp Commission.**

41 (a) Creation and Membership. — The North Carolina ~~Industrial Hemp~~ Commission is
 42 established and shall consist of nine members as follows:

- 43 (1) The Commissioner of Agriculture or the Commissioner's designee, who shall
 44 serve as vice-chair.
- 45 (2) One appointed by the General Assembly upon recommendation of the
 46 President Pro Tempore of the Senate in accordance with G.S. 120-121, who
 47 shall at the time of appointment be a municipal chief of police.
- 48 (3) One appointed by the General Assembly upon recommendation of the Speaker
 49 of the House of Representatives in accordance with G.S. 120-121, who shall
 50 at the time of appointment be an elected sheriff or the sheriff's designee.

- 1 (4) Two appointed by the Governor who shall at the time of appointment be a
2 full-time or Emeritus faculty member of a State land grant university who
3 regularly works in the field of agricultural science or research.
4 (5) Two appointed by the Commissioner of Agriculture, who shall be a full-time
5 farmer with at least 10 years of experience in agricultural production in the
6 State.
7 (6) One appointed by the Commissioner of Agriculture, who shall be a
8 professional agricultural consultant.
9 (7) One appointed by the Commissioner of Agriculture, who shall be an
10 agribusiness professional.

11 (b) Terms of Members. – Members of the Commission shall serve terms of four years,
12 beginning effective July 1 of the year of appointment, and may be reappointed to a second
13 four-year term. The terms of members designated by subdivisions (a)(1), (a)(2), (a)(4), and (a)(6)
14 of this section shall expire on June 30 of any year evenly divisible by four. The terms of the
15 remaining members shall expire on June 30 of any year that follows by two years a year evenly
16 divisible by four. However, the terms of all members of the Commission shall expire July 1,
17 2021.

18 (c) Chair. – The members of the Commission shall elect a chair. The chair shall serve a
19 two-year term and may be reelected.

20 (d) Vacancies. – Any appointment to fill a vacancy on the Commission created by the
21 resignation, dismissal, death, or disability of a member shall be made by the original appointing
22 authority and shall be for the balance of the unexpired term.

23 (e) Removal. – The appointing authority shall have the power to remove any member of
24 the Commission appointed by that authority from office for misfeasance, malfeasance, or
25 nonfeasance.

26 (f) Reimbursement. – The members of the Commission shall receive per diem and
27 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

28 (g) Quorum. – Five members of the Commission shall constitute a quorum for the
29 transaction of business.

30 (h) Staff. – The Commission is authorized and empowered to employ no more than two
31 persons as staff to assist the Commission in the proper discharge of its duties and responsibilities.
32 The chair of the Commission shall organize and direct the work of the Commission staff. The
33 salaries and compensation of all such personnel shall be determined by the Commission;
34 provided, however, that the aggregate cost for salaries and benefits of the staff may not exceed
35 two hundred thousand dollars (\$200,000).

36 **"§ 106-568.53. Powers and duties of the Commission.**

37 The Commission shall have the following powers and duties:

- 38 (1) ~~To establish an industrial hemp research program the North Carolina Hemp~~
39 ~~Program to grow or cultivate industrial hemp in the State, to be directly~~
40 ~~managed and coordinated by State land grant universities. The Commission~~
41 ~~shall pursue any permits or waivers from the United States Drug Enforcement~~
42 ~~Agency or any other federal agency that are necessary for the establishment~~
43 ~~of the industrial hemp research program established by this Article. This~~
44 ~~research program shall consist primarily of demonstration plots planted and~~
45 ~~cultivated in North Carolina by selected growers. The growers shall be~~
46 ~~licensed pursuant to subdivision (2) of this section prior to planting any~~
47 ~~industrial hemp.State.~~
48 (2) To issue licenses allowing a person, firm, or corporation to cultivate ~~industrial~~
49 ~~or handle~~ hemp for research purposes to the extent allowed by federal law,
50 upon proper application as the Commission may specify, and in accordance
51 with G.S. 106-568.53A. ~~Each licensee shall provide a complete and accurate~~

1 legal description of the location of the industrial hemp farming operation,
2 including GPS coordinates, and the license shall be issued for cultivation only
3 in those locations identified in the application and shall include on its face the
4 description of those areas. The Commission may delegate approval of license
5 applications to Commission staff, but the Commission shall hear any appeals
6 of denial of a license. The Department shall provide administrative support to
7 the Commission for the processing of applications and issuance of licenses.

8 (3) ~~To support the Commission's activities, and to reimburse the Department for~~
9 ~~expenses associated with the issuance of cultivation licenses under~~
10 ~~subdivision (2) of this section, the Commission may charge the following fees:~~

11 a. ~~An initial, graduated license fee, to be paid by each cultivator, based~~
12 ~~upon the number of acres proposed for cultivation of industrial hemp,~~
13 ~~not to exceed ten thousand dollars (\$10,000), with incentive provisions~~
14 ~~to encourage the participation of small acreage farmers.~~

15 b. ~~An annual fee that is the sum of two hundred fifty dollars (\$250.00)~~
16 ~~and two dollars (\$2.00) per acre of industrial hemp cultivated.~~

17 ~~In setting fees under this subdivision, the Commission may create fair and~~
18 ~~reasonable licensing preferences for license applicants from North Carolina~~
19 ~~counties that have been recognized as economically depressed or~~
20 ~~disadvantaged. The Department shall collect and manage all fees charged by~~
21 ~~the Commission and shall remit all funds collected under this subdivision to~~
22 ~~the Commission at least monthly. The Department may retain its actual~~
23 ~~expenses associated with the issuance of cultivation licenses from the amount~~
24 ~~to be remitted to the Commission.~~

25 (4) ~~To receive gifts, grants, federal funds, and any other funds both public and~~
26 ~~private needed to support the Commission's duties and programs.~~

27 (5) ~~To establish procedures for reporting to the Commission by the growers and~~
28 ~~processors for agricultural or academic research and to collaborate and~~
29 ~~coordinate research efforts with the appropriate departments or programs of~~
30 ~~North Carolina State University and North Carolina A & T State University.~~

31 (6), (7) Repealed by Session Laws 2016-93, s. 3, effective July 11, 2016.

32 (8) ~~To adopt rules necessary to carry out the purposes of this Article, which shall~~
33 ~~include, but are not limited to, rules for all of the following:~~

34 a. ~~Testing of the industrial hemp during growth to determine~~
35 ~~tetrahydrocannabinol levels. Testing methods and protocols shall~~
36 ~~comply in all respects with any and all applicable federal~~
37 ~~requirements. Prescribe sampling and testing procedures to ensure that~~
38 ~~hemp cultivated or handled under the authority of this Article does not~~
39 ~~exceed the federally defined THC level for hemp.~~

40 b. ~~Supervision of the industrial hemp during its growth and harvest,~~
41 ~~including rules for verification of the type of seeds and plants used and~~
42 ~~grown by licensees.~~

43 c. ~~The production and sale of industrial hemp, consistent with the rules~~
44 ~~of the United States Department of Justice and Drug Enforcement~~
45 ~~Administration for the production, distribution, and sale of industrial~~
46 ~~hemp.~~

47 d. ~~Means and methods for assisting law enforcement agencies to~~
48 ~~efficiently ascertain information regarding the legitimate and lawful~~
49 ~~production of industrial hemp.~~

50 e. ~~Strategies and programs for the promotion of industrial hemp products~~
51 ~~and markets, in conjunction with the North Carolina Department of~~

1 Agriculture, the North Carolina Department of Commerce, the
2 University of North Carolina system, and the community college
3 system.

4 f. The fees authorized by subdivision (3) of this section. Set and collect a
5 schedule of nonrefundable fees for administering the North Carolina
6 Hemp Program.

7 ~~The Commission shall adopt by reference or otherwise the federal regulations~~
8 ~~in effect regarding industrial hemp and any subsequent amendments to those~~
9 ~~regulations. No North Carolina rule, regulation, or statute shall be construed~~
10 ~~to authorize any person to violate any federal law or regulation.~~

11 (9) ~~To undertake any additional studies relating to the production, distribution, or~~
12 ~~use of industrial hemp as requested by the General Assembly, the Governor,~~
13 ~~or the Commissioner of Agriculture.~~

14 (10) ~~To notify the State Bureau of Investigation and all local law enforcement~~
15 ~~agencies of the duration, size, and location of all industrial hemp~~
16 ~~demonstration plots authorized pursuant to the industrial hemp research~~
17 ~~program.~~

18 **"§ 106-568.53A. Responsibilities-Qualification of licensees.**

19 A person granted an industrial hemp license pursuant to this section shall:

20 (1) ~~Maintain records that demonstrate compliance with this Article and with all~~
21 ~~other State laws regulating the planting and cultivation of industrial hemp.~~

22 (2) ~~Retain all industrial hemp production records for a minimum of three years.~~

23 (3) ~~Allow industrial hemp crops, throughout sowing, growing, and harvesting, to~~
24 ~~be inspected by and at the discretion of the Commission, the State Bureau of~~
25 ~~Investigation, or the chief law enforcement officer of the unit or units of local~~
26 ~~government where the farm is located.~~

27 (4) ~~Maintain a current written agreement with a State land grant university that~~
28 ~~states that the grower is a participant in the industrial hemp research program~~
29 ~~managed by that institution.~~

30 (a) No person shall cultivate or handle hemp in this State unless the person holds a hemp
31 license issued by the North Carolina Hemp Commission.

32 (b) In order to obtain a license to cultivate hemp pursuant to this Article, a person must
33 be a qualifying farmer pursuant to G.S. 105-164.13E(a) or a conditional qualifying farmer
34 pursuant to G.S. 105-164.13E(b). The Commission may also grant a license to cultivate hemp to
35 a State agency or institution of higher learning, or an employee of a State agency or institution
36 of higher learning for use in the scope of the employee's duties.

37 (c) An applicant for a license issued by the Commission shall submit to and pay for an
38 annual criminal background check conducted by the State Bureau of Investigation or another
39 State or federal law enforcement agency approved by the Commission.

40 (d) A person granted a license to cultivate hemp pursuant to this Article shall provide to
41 the Commission prior to issuance of the license:

42 (1) The legal description and global positioning coordinates sufficient for locating
43 the fields or greenhouses to be used to cultivate hemp.

44 (2) Written consent allowing representatives of the Department, the State Bureau
45 of Investigation, and the chief law enforcement officer of the unit or units of
46 local government where the farm is located to enter all premises where hemp
47 is cultivated or stored for the purpose of conducting physical inspections or
48 ensuring compliance with the requirements of this Article and rules adopted
49 by the Commission.

1 (e) Any person convicted of a felony relating to a controlled substance under State or
2 federal law shall be ineligible to obtain any hemp license for the 10-year period following the
3 date of the conviction.

4 (f) Any person who materially falsifies any information contained in an application for
5 a hemp license shall be ineligible to obtain a hemp license.

6 (g) A license issued by the North Carolina Industrial Hemp Commission shall be valid
7 for the term of the license. A person who holds a license issued by the North Carolina Industrial
8 Hemp Commission who wishes to modify the conditions of the license shall be required to apply
9 for a new license from the North Carolina Hemp Commission.

10 **"§ 106-568.54. Limitations.**

11 ~~The Commission shall not meet or undertake any of its powers and duties under this Article~~
12 ~~until it has obtained funding from sources other than State funds of at least two hundred thousand~~
13 ~~dollars (\$200,000) to support operations of the Commission. Funding from non-State sources for~~
14 ~~the Commission's activities may be returned to the donor or funder if not spent or encumbered~~
15 ~~within 12 months, upon request of the donor or funder. Non-State funds donated and carried over~~
16 ~~at the end of the fiscal year in which they are donated shall be retained and remain eligible for~~
17 ~~expenditure in the following fiscal year.~~

18 **"§ 106-568.55. Authorized research purposes.**

19 ~~As part of the industrial hemp research program directly managed by a State land grant~~
20 ~~university, a licensed grower may engage in any of the following research activities:~~

- 21 (1) ~~Studying and investigating marketplace opportunities for hemp products to~~
22 ~~increase the job base in the State by means of employment related to the~~
23 ~~production of industrial hemp.~~
- 24 (2) ~~Studying and investigating methods of industrial hemp cultivation that are~~
25 ~~best suited to soil conservation and restoration.~~
- 26 (3) ~~Overseeing and analyzing the growth of industrial hemp by licensed growers~~
27 ~~for agronomy research and analysis of required soils, growing conditions, and~~
28 ~~harvest methods relating to the production of various varieties of industrial~~
29 ~~hemp that may be suitable for various commercial hemp products.~~
- 30 (4) ~~Conducting seed research on various types of industrial hemp that are best~~
31 ~~suited to be grown in North Carolina, including seed availability, creation of~~
32 ~~North Carolina hybrid types, and in the ground variety trials and seed~~
33 ~~production. The Commission may establish a program to recognize certain~~
34 ~~industrial hemp seeds as being North Carolina varieties of hemp seed.~~
- 35 (5) ~~Studying the economic feasibility of developing an industrial hemp market in~~
36 ~~various types of industrial hemp that can be grown in the State, including by~~
37 ~~commercial marketing and sale of industrial hemp.~~
- 38 (6) ~~Reporting on the estimated value added benefits, including environmental~~
39 ~~benefits, to North Carolina businesses of an industrial hemp market of North~~
40 ~~Carolina grown industrial hemp varieties.~~
- 41 (7) ~~Studying the agronomy research being conducted worldwide relating to~~
42 ~~industrial hemp varieties, production, and use.~~
- 43 (8) ~~Researching and promoting on the world market industrial hemp and hemp~~
44 ~~seed that can be grown in the State.~~
- 45 (9) ~~Promoting research into the development of industrial hemp and commercial~~
46 ~~markets for North Carolina industrial hemp and hemp products.~~
- 47 (10) ~~Studying the feasibility of attracting federal or private funding for the North~~
48 ~~Carolina industrial hemp research program.~~
- 49 (11) ~~Studying the use of industrial hemp in new energy technologies, including~~
50 ~~electricity generation, biofuels, or other forms of energy resources; the growth~~
51 ~~of industrial hemp on reclaimed mine sites; the use of hemp seed oil in the~~

1 production of fuels; and the production costs, environmental issues, and costs
2 and benefits involved with the use of industrial hemp for energy.

3 **"§ 106-568.55A. Bonding requirement for hemp handlers.**

4 The Commission shall not issue a license to handle hemp to any person until the person has
5 furnished the Commissioner of Agriculture a bond satisfactory to the Commissioner in an amount
6 of not less than two hundred fifty thousand dollars (\$250,000). The Commissioner may require
7 a new bond or may require the amount of any bond to be increased if the Commissioner finds it
8 necessary for the protection of the cultivator. The bond shall be payable to the State and shall be
9 conditioned upon the fulfilling of all financial obligations incurred by the handler with all hemp
10 cultivators with whom the handler contracts. Any cultivator alleging any injury by the fraud,
11 deceit, willful injury, or failure to comply with the terms of any written contract by a handler
12 may bring suit on the bond against the principal and the principal's surety in any court of
13 competent jurisdiction and may recover the damages found to be caused by such acts complained
14 of.

15 **"§ 106-568.55B. Corrective action plans authorized.**

16 (a) The Commission shall require any person who is required to obtain a hemp license
17 issued by the Commission to comply with a corrective action plan if the Commission determines
18 that the person has negligently violated any provision of this Article or any rule adopted by the
19 Commission, including by negligently failing to obtain a proper license or other required
20 authorization from the Commission, negligently failing to provide an accurate legal description
21 of land on which the person produces hemp, or negligently producing *Cannabis sativa* (L.) with
22 more than the federally defined THC level for hemp.

23 (b) A corrective action plan required by the Commission shall include at least the date by
24 which the person shall correct the violation and a requirement that the person shall periodically
25 report to the Commission on the person's compliance with this Article and all rules adopted by
26 the Commission for a period of not less than the next two calendar years.

27 (c) Notwithstanding any other provision of law, the penalty for a negligent violation of
28 any provision of this Article or any rule adopted by the Commission shall be compliance with a
29 corrective action plan pursuant to subsection (b) of this section. However, a person who
30 negligently violates this Article or any rule adopted by the Commission three times in a five-year
31 period shall be ineligible to obtain a hemp license for a period of five years beginning on the date
32 of the third violation and shall be subject to criminal and civil penalties for additional violations
33 during that period.

34 (d) If the Commission determines that a person has violated this Article or any rule
35 adopted by the Commission recklessly, willfully, knowingly, or intentionally, the Commission
36 shall immediately report the person to the Commissioner, Attorney General, and the appropriate
37 law enforcement authority.

38 **"§ 106-568.56. Civil penalty.**

39 (a) In addition to any other liability or penalty provided by law, the Commissioner may
40 assess a civil penalty of not more than two thousand five hundred dollars (\$2,500) per violation
41 against any person who:

- 42 (1) Violates any provision of this Article or a rule adopted by the Commission, or
43 conditions of any license, permit, or order issued by the Commission.
- 44 (2) Manufactures, distributes, dispenses, delivers, purchases, aids, abets,
45 attempts, or conspires to manufacture, distribute, dispense, deliver, purchase,
46 or possesses with the intent to manufacture, distribute, dispense, deliver, or
47 purchase marijuana on property used for ~~industrial~~ hemp production, or in a
48 manner intended to disguise the marijuana due to its proximity to ~~industrial~~
49 hemp. This penalty may be imposed in addition to any other penalties
50 provided by law.

1 (3) Provides the Commission with false or misleading information in relation to
2 a license application or renewal, inspection, or investigation authorized by this
3 Article.

4 (4) Tamper with or adulterates ~~an industrial~~ a hemp crop lawfully planted
5 pursuant to this Article.

6 (b) The Commissioner shall remit the clear proceeds of civil penalties assessed pursuant
7 to this section to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

8 **"§ 106-568.57. Criminal penalties.**

9 (a) Any person that manufactures, distributes, dispenses, delivers, purchases, aids, abets,
10 attempts, or conspires to manufacture, distribute, dispense, deliver, purchase, or possesses with
11 the intent to manufacture, distribute, dispense, deliver, or purchase marijuana on property used
12 for ~~industrial~~ hemp production, or in a manner intended to disguise the marijuana due to its
13 proximity to ~~industrial~~ hemp, shall be deemed guilty of a Class I felony. This penalty may be
14 imposed in addition to any other penalties provided by law.

15 (b) Any person that provides the Commission with false or misleading information in
16 relation to a license application or renewal, inspection, or investigation authorized by this Article
17 shall be deemed guilty of a Class 1 misdemeanor.

18 (c) Any person that tampers with or adulterates ~~an industrial~~ a hemp crop lawfully planted
19 pursuant to this Article shall be deemed guilty of a Class 1 misdemeanor.

20 **"§ 106-658.58. Hemp products.**

21 (a) Except as provided in G.S. 106-139(g), no license shall be required to possess, handle,
22 transport, or sell hemp products or hemp extracts.

23 (b) Hemp products may be legally transported to other states and exported to foreign
24 nations, consistent with the laws of the receiving jurisdiction.

25 **"§ 106-568.59. North Carolina Hemp Program Fund.**

26 (a) The North Carolina Hemp Program Fund is established as a special fund in the
27 Department of Agriculture and Consumer Services. The fund shall consist of amounts received
28 from appropriations and any other proceeds from gifts, grants, federal funds, application fees,
29 license fees, and any other funds, both public and private, made available for purposes of this
30 Article. Any interest received and accruing from the fund shall be paid into the State's General
31 Fund.

32 (b) The Fund shall be used by the Commission and the Department for the costs of
33 personnel, program administration, testing, and any other costs incurred in administering this
34 Article, including promotion, marketing, and branding of North Carolina grown and processed
35 hemp."

36 **SECTION 2.(a)** G.S. 90-87 reads as rewritten:

37 **"§ 90-87. Definitions.**

38 As used in this Article:

39 ...

40 (16) "Marijuana" means all parts of the plant of the genus Cannabis, whether
41 growing or not; the seeds thereof; the resin extracted from any part of such
42 plant; and every compound, manufacture, salt, derivative, mixture, or
43 preparation of such plant, its seeds or resin, but shall not include the mature
44 stalks of such plant, fiber produced from such stalks, oil, or cake made from
45 the seeds of such plant, any other compound, manufacture, salt, derivative,
46 mixture, or preparation of such mature stalks (except the resin extracted
47 therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is
48 incapable of germination. The term does not include ~~industrial hemp~~ hemp,
49 hemp products, hemp extracts, or smokable hemp as defined in
50 G.S. 106-568.51, when the ~~industrial~~ hemp is produced and used in

1 compliance with this Article and rules ~~issued~~ adopted by the North Carolina
2 ~~Industrial-Hemp~~ Commission.

3"

4 **SECTION 2.(b)** G.S. 90-94 reads as rewritten:

5 **"§ 90-94. Schedule VI controlled substances.**

6 This schedule includes the controlled substances listed or to be listed by whatever official
7 name, common or usual name, chemical name, or trade name designated. In determining that
8 such substance comes within this schedule, the Commission shall find: no currently accepted
9 medical use in the United States, or a relatively low potential for abuse in terms of risk to public
10 health and potential to produce psychic or physiological dependence liability based upon present
11 medical knowledge, or a need for further and continuing study to develop scientific evidence of
12 its pharmacological effects.

13 The following controlled substances are included in this schedule:

14 (1) Marijuana.

15 (2) ~~Tetrahydrocannabinols.~~ Tetrahydrocannabinols, except for
16 tetrahydrocannabinols in hemp, hemp products, hemp extracts, or smokable
17 hemp, as defined in G.S. 106-568.51.

18 (3) Repealed by Session Laws 2017-115, s. 8, effective December 1, 2017, and
19 applicable to offenses committed on or after that date."

20 **SECTION 2.(c)** Article 5 of Chapter 90 of the General Statutes is amended by adding
21 a new section to read:

22 **"§ 90-94.5. Immunity for hemp licensees.**

23 (a) Immunity. – Notwithstanding any other provision of this Chapter, an individual who
24 possesses a valid hemp license from the North Carolina Hemp Commission shall not be
25 prosecuted for a violation of G.S. 90-95(a)(1) or (a)(3) with respect to a commodity cultivated
26 by the licensee containing a THC level that exceeds the federally defined THC level for hemp,
27 as defined by G.S. 106-568.51, unless the licensee committed the violation willfully, knowingly,
28 or intentionally.

29 (b) Penalty. – No criminal penalty for a violation of G.S. 90-95(a)(1) or (a)(3) shall attach
30 for a licensee negligently producing *Cannabis sativa* (L.) with more than the federally defined
31 THC level for hemp. The penalty for a licensee's negligent violation shall be determined by the
32 North Carolina Hemp Commission pursuant to G.S. 106-568.55B."

33 **SECTION 3.(a)** G.S. 105-113.106 is amended by adding a new subdivision to read:

34 "(3a) Hemp. – Any of the following:

35 a. Hemp as defined in G.S. 106-568.51(5b).

36 b. Hemp extracts as defined in G.S. 106-568.51(5c).

37 c. Hemp products as defined in G.S. 106-568.51(6)."

38 **SECTION 3.(b)** G.S. 105-113.107A reads as rewritten:

39 **"§ 105-113.107A. Exemptions.**

40 (a) Authorized Possession. – The tax levied in this Article does not apply to a substance
41 in the possession of a dealer who is authorized by law to possess the substance. This exemption
42 applies only during the time the dealer's possession of the substance is authorized by law.

43 (b) Certain Marijuana Parts. – The tax levied in this Article does not apply to the
44 following marijuana:

45 (1) Harvested mature marijuana stalks when separated from and not mixed with
46 any other parts of the marijuana plant.

47 (2) Fiber or any other product of marijuana stalks described in subdivision (1) of
48 this subsection, except resin extracted from the stalks.

49 (3) Marijuana seeds that have been sterilized and are incapable of germination.

50 (4) Roots of the marijuana plant.

1 (c) Hemp. – The tax levied in this Article shall not apply to hemp when lawfully
2 possessed in accordance with Article 50E of Chapter 106 of the General Statutes."

3 **SECTION 4.(a)** The Commissioner of Agriculture, in consultation with the
4 Governor and Attorney General, shall submit to the Secretary of the United States Department
5 of Agriculture a State plan for the regulation of hemp production, which shall include:

- 6 (1) A procedure to maintain relevant information regarding land on which hemp
7 is produced in the State, including a legal description of the land. The
8 procedure shall ensure the information is maintained for a period of not less
9 than three calendar years.
- 10 (2) A procedure for testing, using post-decarboxylation or other similarly reliable
11 methods, delta-9 THC concentration levels of hemp produced in the State.
- 12 (3) A procedure for the effective disposal of products that are produced in
13 violation of Article 50E of Chapter 106 of the General Statutes or any rule
14 adopted by the North Carolina Hemp Commission.
- 15 (4) A procedure to comply with the enforcement process set forth in
16 G.S. 106-568.64.
- 17 (5) A procedure for conducting annual inspections of, at a minimum, a random
18 sample of hemp producers to verify that hemp is not produced in violation of
19 this Article or rules adopted by the North Carolina Hemp Commission.
- 20 (6) A procedure for submitting (i) contact information for each hemp producer in
21 the State, (ii) a legal description of the land on which hemp is produced, and
22 (iii) the licensing status of each hemp producer in the State to the Secretary of
23 the United States Department of Agriculture not more than 30 days after the
24 date on which the information is received.

25 **SECTION 4.(b)** If the Secretary of the United States Department of Agriculture
26 disapproves the State plan submitted pursuant to subsection (a) of this section, the Commissioner
27 of Agriculture, in consultation with the Governor and Attorney General, shall submit to the
28 Secretary an amended State plan.

29 **SECTION 5.** Section 4 of S.L. 2015-299 reads as rewritten:

30 "**SECTION 4.** Section 2 of this act becomes effective on the first day of the month following
31 the adoption of permanent rules pursuant to Section 3 of this act and applies to acts involving the
32 production, possession, or use of industrial hemp occurring on or after that date. The remainder
33 of this act is effective when it becomes law. This act shall expire on ~~June 30 of the fiscal year in~~
34 ~~which the North Carolina Industrial Hemp Commission adopts and submits to the Governor and~~
35 ~~to the Revisor of Statutes a resolution that a State pilot program allowing farmers to lawfully~~
36 ~~grow industrial hemp is no longer necessary because (i) the United States Congress has enacted~~
37 ~~legislation that removes industrial hemp from the federal Controlled Substances Act and (ii) the~~
38 ~~legislation has taken effect, the later of December 1, 2019, or 30 days after the effective date of~~
39 regulations adopted by the United States Department of Agriculture pursuant to Section 297D of
40 the Agriculture Marketing Act of 1946, as amended by the Agriculture Improvement Act of
41 2018."

42 **SECTION 6.** The North Carolina Hemp Commission shall adopt temporary rules to
43 implement Section 1 of this act. The temporary rules shall remain in effect until permanent rules
44 that replace the temporary rules become effective.

45 **SECTION 6.1.** Article 50E of Chapter 106 of the General Statutes is repealed.

46 **SECTION 7.** Sections 1 and 2 of this act become effective on the later of the
47 following dates:

- 48 (1) December 1, 2019.
- 49 (2) Thirty days after the effective date of regulations adopted by the United States
50 Department of Agriculture pursuant to Section 297D of the Agriculture

1 Marketing Act of 1946, as amended by the Agriculture Improvement Act of
2 2018.

3 Section 3 of this act is effective for taxes imposed for taxable years beginning on or
4 after July 1, 2019. Sections 4, 5, 6, and 7 of this act are effective when they become law. Section
5 6.1 of this act becomes effective July 1, 2021. Sections 2 and 3 of this act expire July 1, 2021.
6

7 **TRANSFER HEMP PROGRAM AUTHORITY TO THE DEPARTMENT OF**
8 **AGRICULTURE AND CONSUMER SERVICES ON JULY 1, 2021**

9 **SECTION 8.(a)** Chapter 106 of the General Statutes is amended by adding a new
10 Article to read:

11 "Article 50F.

12 "North Carolina Hemp Program.

13 **"§ 106-568.60. Legislative findings and purpose.**

14 The General Assembly finds and declares that hemp is a viable agriculture commodity in this
15 State and that it is in the best interest of the citizens of North Carolina to:

- 16 (1) Promote the cultivation and processing of hemp, and open new commercial
17 markets for farmers and businesses through the sale of hemp products.
- 18 (2) Promote the expansion of the State's hemp industry to the maximum extent
19 permitted by law, allowing farmers and businesses to cultivate, handle, and
20 process hemp and sell hemp products for commercial purposes.
- 21 (3) Encourage and empower research into industrial hemp growth and hemp
22 products at State institutions of higher education and in the private sector.
- 23 (4) Move the State and its citizens to the forefront of the hemp industry.

24 **"§ 106-568.61. Definitions.**

25 The following definitions apply in this Article:

- 26 (1) "Cannabidiol" or "CBD" means the nonpsychoactive cannabinoid compound
27 derived from the hemp variety of the plant *Cannabis sativa* (L.) that is
28 essentially free of plant material and does not exceed the federally defined
29 THC level for hemp.
- 30 (2) "Cannabinoid" means any of the terpenophenolic compounds found within the
31 plant *Cannabis sativa* (L.) that are functionally or structurally similar,
32 biologically active, and are classified in subgroups such as Cannabigerols
33 (CBG), Cannabichromenes (CBC), Cannabidiols (CBD),
34 tetrahydrocannabinols (THC), Cannabinol (CBN), Cannabicyclol (CBDL),
35 and all other chemical cannabinoid constituents derived from hemp.
- 36 (3) "Commercial sale" means the sale of products in the stream of commerce, at
37 retail, wholesale, and online.
- 38 (4) "Commissioner" means the Commissioner of the Department of Agriculture
39 and Consumer Services.
- 40 (5) "Cultivating" means planting, watering, growing, and harvesting a plant or
41 crop. "Cultivating" also includes possessing or storing hemp plants for any
42 period of time on the premises where the hemp was cultivated and transporting
43 hemp to the first point of sale by the cultivator.
- 44 (6) "Department" means the Department of Agriculture and Consumer Services.
- 45 (7) "Federally defined THC level for hemp" means a delta-9 THC concentration
46 of not more than three-tenths percent (0.3%) on a dry weight basis.
- 47 (8) "Handling" means possessing or storing hemp plants for any period of time
48 on premises owned, operated, or controlled by a person licensed to handle
49 hemp. "Handling" also includes possessing or storing hemp plants in a vehicle
50 for any period of time other than during its actual transport from the premises
51 of a person licensed to cultivate, handle, or process industrial hemp to the

1 premises of another licensed person. "Handling" does not include possessing
2 or storing finished hemp products.

3 (9) "Hemp" means the plant *Cannabis sativa* (L.) and any part of that plant,
4 including the seeds thereof and all derivatives, extracts, cannabinoids,
5 isomers, acids, salts, and salts of isomers, whether growing or not, within the
6 federally defined THC level for hemp.

7 (10) "Hemp extract" means an extract from hemp, or a mixture or preparation
8 containing hemp plant material or compounds, within the federally defined
9 THC level for hemp.

10 (11) "Hemp product" means any product within the federally defined THC level
11 for hemp derived from, or made by, processing hemp plants or plant parts, that
12 are prepared in a form available for commercial sale, including, but not limited
13 to, cosmetics, personal care products, food intended for animal or human
14 consumption as approved by the United States Food and Drug Administration
15 or the United States Department of Agriculture, cloth, cordage, fiber, fuel,
16 paint, paper, particleboard, plastics, and any product containing one or more
17 hemp-derived cannabinoids, such as cannabidiol. "Hemp product" does not
18 include smokable hemp.

19 (12) "Licensee" means an individual or business entity possessing a license issued
20 by the Department under the authority of this Article to cultivate or handle
21 hemp.

22 (13) "Processing" means converting an agricultural commodity into a marketable
23 form.

24 (14) "Smokable hemp" means a product that does not exceed the federally defined
25 THC level for hemp in a form that allows THC to be introduced into the
26 human body by inhalation of smoke. "Smokable hemp" includes hemp buds,
27 hemp flowers, whole or ground raw hemp plant material, hemp cigars, and
28 hemp cigarettes.

29 (15) "Tetrahydrocannabinol" or "THC" means any of the chemical analogues
30 belonging to the Cannabinoid subgroup Tetrahydrocannabinol. These
31 compounds include the chemical equivalents contained in the plant *Cannabis*
32 *sativa* (L.), or in the resinous extractive compounds, salts, or derivatives of
33 the plant or chemicals and their isomers with similar chemical structure and
34 pharmacological activity.

35 **"§ 106-568.62. Powers and duties of the Department.**

36 The Department shall have the following powers and duties:

37 (1) To issue licenses allowing a person, firm, or corporation to cultivate or handle
38 hemp, upon proper application as the Commissioner may specify, and in
39 accordance with G.S. 106-568.63. The Commissioner may delegate approval
40 of license applications to Department staff but the Commissioner shall hear
41 all appeals of denial of a license.

42 (2) To receive gifts, grants, federal funds, and any other funds both public and
43 private needed to support the North Carolina Hemp Program.

44 (3) To adopt rules necessary to carry out the purposes of this Article, which shall
45 include, but are not limited to, rules to do all of the following:

46 a. Prescribe sampling and testing procedures to ensure that hemp
47 cultivated or handled under the authority of this Article does not
48 exceed the federally defined THC level for hemp.

49 b. Set and collect a schedule of nonrefundable fees for administering the
50 North Carolina Hemp Program.

51 **"§ 106-568.63. Qualification of licensees.**

1 (a) No person shall cultivate or handle hemp in this State unless the person holds a hemp
2 license issued by the Department.

3 (b) In order to obtain a license to cultivate hemp pursuant to this Article, a person must
4 be a qualifying farmer pursuant to G.S. 105-164.13E(a) or a conditional qualifying farmer
5 pursuant to G.S. 105-164.13E(b).

6 (c) A person granted a license to cultivate hemp pursuant to this Article shall provide to
7 the Department prior to issuance of the license:

8 (1) The legal description and global positioning coordinates sufficient for locating
9 the fields or greenhouses to be used to cultivate hemp.

10 (2) Written consent allowing representatives of the Department, the State Bureau
11 of Investigation, and the chief law enforcement officer of the unit or units of
12 local government where the farm is located to enter all premises where hemp
13 is cultivated or stored for the purpose of conducting physical inspections or
14 ensuring compliance with the requirements of this Article and rules adopted
15 by the Department.

16 (d) Any person convicted of a felony relating to a controlled substance under State or
17 federal law shall be ineligible to obtain any hemp license for the 10-year period following the
18 date of the conviction.

19 (e) Any person who materially falsifies any information contained in an application for
20 a hemp license shall be ineligible to obtain a hemp license.

21 (f) A license issued by the North Carolina Industrial Hemp Commission shall be valid
22 for the term of the license. A person who holds a license issued by the North Carolina Industrial
23 Hemp Commission who wishes to modify the conditions of the license shall be required to apply
24 for a new license from the Department.

25 **"§ 106-568.64. Bonding requirement for hemp handlers.**

26 The Department shall not issue a license to handle hemp to any person until the person has
27 furnished the Commissioner a bond satisfactory to the Commissioner in an amount of not less
28 than two hundred fifty thousand dollars (\$250,000). The Commissioner may require a new bond
29 or may require the amount of any bond to be increased if the Commissioner finds it necessary
30 for the protection of the cultivator. The bond shall be payable to the State and shall be conditioned
31 upon the fulfilling of all financial obligations incurred by the handler with all hemp cultivators
32 with whom the handler contracts. Any cultivator alleging any injury by the fraud, deceit, willful
33 injury, or failure to comply with the terms of any written contract by a handler may bring suit on
34 the bond against the principal and the principal's surety in any court of competent jurisdiction
35 and may recover the damages found to be caused by such acts complained of.

36 **"§ 106-568.65. Corrective action plans authorized.**

37 (a) The Department shall require any person who is required to obtain a hemp license
38 issued by the Department to comply with a corrective action plan if the Commissioner determines
39 that the person has negligently violated any provision of this Article or any rule adopted by the
40 Department, including by negligently failing to obtain a proper license or other required
41 authorization from the Department, negligently failing to provide an accurate legal description
42 of land on which the person produces hemp, or negligently producing *Cannabis sativa* (L.) with
43 more than the federally defined THC level for hemp.

44 (b) A corrective action plan required by the Department shall include at least the date by
45 which the person shall correct the violation and a requirement that the person shall periodically
46 report to the Department on the person's compliance with this Article and all rules adopted by
47 the Department for a period of not less than the next two calendar years.

48 (c) Notwithstanding any other provision of law, the penalty for a negligent violation of
49 any provision of this Article or any rule adopted by the Department shall be compliance with a
50 corrective action plan pursuant to subsection (b) of this section. However, a person who
51 negligently violates this Article or any rule adopted by the Department three times in a five-year

1 period shall be ineligible to obtain a hemp license for a period of five years beginning on the date
2 of the third violation and shall be subject to criminal and civil penalties for additional violations
3 during that period.

4 (d) If the Commissioner determines that a person has violated this Article or any rule
5 adopted by the Department recklessly, willfully, knowingly, or intentionally, the Department
6 shall immediately report the person to the Attorney General and the appropriate law enforcement
7 authority.

8 **"§ 106-568.66. Civil penalties.**

9 (a) The Commissioner may assess a civil penalty of not more than two thousand five
10 hundred dollars (\$2,500) per violation against any person who:

11 (1) Violates any provision of this Article or a rule adopted by the Commission, or
12 conditions of any license, permit, or order issued by the Commission.

13 (2) Manufactures, distributes, dispenses, delivers, purchases, aids, abets,
14 attempts, or conspires to manufacture, distribute, dispense, deliver, purchase,
15 or possesses with the intent to manufacture, distribute, dispense, deliver, or
16 purchase marijuana on property used for hemp production, or in a manner
17 intended to disguise the marijuana due to its proximity to hemp. This penalty
18 may be imposed in addition to any other penalties provided by law.

19 (3) Provides the Department with false or misleading information in relation to a
20 license application or renewal, inspection, or investigation authorized by this
21 Article.

22 (4) Tamper with or adulterates a hemp crop lawfully planted pursuant to this
23 Article.

24 (5) Knowingly or intentionally manufactures, delivers, sells, or possesses
25 smokable hemp, except for hemp plants or parts of a hemp plant grown or
26 handled by a licensee for processing or manufacturing into a legal hemp
27 product.

28 (b) The Commissioner shall remit the clear proceeds of civil penalties assessed pursuant
29 to this section to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

30 **"§ 106-568.67. Criminal penalties.**

31 (a) Any person who willfully, knowingly, or intentionally manufactures, distributes,
32 dispenses, delivers, purchases, aids, abets, attempts, or conspires to manufacture, distribute,
33 dispense, deliver, purchase, or possesses with the intent to manufacture, distribute, dispense,
34 deliver, or purchase marijuana on property used for hemp production, or in a manner intended to
35 disguise the marijuana due to its proximity to hemp, shall be guilty of a Class I felony. This
36 penalty may be imposed in addition to any other penalties provided by law.

37 (b) Any person who willfully, knowingly, or intentionally provides the Department with
38 false or misleading information in relation to a license application or renewal, inspection, or
39 investigation authorized by this Article shall be guilty of a Class 1 misdemeanor.

40 (c) Any person who willfully, knowingly, or intentionally tampers with or adulterates a
41 hemp crop lawfully planted pursuant to this Article shall be guilty of a Class 1 misdemeanor.

42 (d) Any person that knowingly or intentionally manufactures, delivers, sells, or possesses
43 smokable hemp, except for hemp plants or parts of a hemp plant grown or handled by a licensee
44 for processing or manufacturing into a legal hemp product, shall be deemed guilty of a Class 1
45 misdemeanor.

46 **"§ 106-568.68. Hemp products.**

47 (a) Except as provided in G.S. 106-139(g), no license shall be required to possess, handle,
48 transport, or sell hemp products or hemp extracts.

49 (b) Hemp products may be legally transported to other states and exported to foreign
50 nations, consistent with the laws of the receiving jurisdiction.

51 **"§ 106-568.69. North Carolina Hemp Program Fund.**

1 (a) The North Carolina Hemp Program Fund is established as a special fund in the
 2 Department of Agriculture and Consumer Services. The fund shall consist of amounts received
 3 from appropriations and any other proceeds from gifts, grants, federal funds, application fees,
 4 license fees, and any other funds, both public and private, made available for purposes of this
 5 Article. Any interest received and accruing from the fund shall be paid into the State's General
 6 Fund.

7 (b) The Fund shall be used by the Department for the costs of personnel, program
 8 administration, testing, and any other costs incurred in administering this Article, including
 9 promotion, marketing, and branding of North Carolina grown and processed hemp."

10 **SECTION 8.(b)** The Department of Agriculture and Consumer Services shall have
 11 the authority to enforce the rules adopted by the North Carolina Hemp Commission to implement
 12 Section 1 of this act until the Department amends or repeals the rules, pursuant to
 13 G.S. 150B-21.7.

14 **SECTION 9.(a)** G.S. 90-87 reads as rewritten:

15 **"§ 90-87. Definitions.**

16 As used in this Article:

17 ...

18 (16) "Marijuana" means all parts of the plant of the genus Cannabis, whether
 19 growing or not; the seeds thereof; the resin extracted from any part of such
 20 plant; and every compound, manufacture, salt, derivative, mixture, or
 21 preparation of such plant, its seeds or resin, but shall not include the mature
 22 stalks of such plant, fiber produced from such stalks, oil, or cake made from
 23 the seeds of such plant, any other compound, manufacture, salt, derivative,
 24 mixture, or preparation of such mature stalks (except the resin extracted
 25 therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is
 26 incapable of germination. The term does not include ~~industrial hemp~~ hemp,
 27 hemp products, hemp extracts, or smokable hemp as defined in
 28 G.S. 106-568.51, when the industrial hemp is produced and used in
 29 compliance with rules issued by the North Carolina Industrial Hemp
 30 Commission. G.S. 106-568.61.

31"

32 **SECTION 9.(b)** G.S. 90-94 reads as rewritten:

33 **"§ 90-94. Schedule VI controlled substances.**

34 This schedule includes the controlled substances listed or to be listed by whatever official
 35 name, common or usual name, chemical name, or trade name designated. In determining that
 36 such substance comes within this schedule, the Commission shall find: no currently accepted
 37 medical use in the United States, or a relatively low potential for abuse in terms of risk to public
 38 health and potential to produce psychic or physiological dependence liability based upon present
 39 medical knowledge, or a need for further and continuing study to develop scientific evidence of
 40 its pharmacological effects.

41 The following controlled substances are included in this schedule:

42 (1) Marijuana.

43 (2) ~~Tetrahydrocannabinols.~~ Tetrahydrocannabinols, _____ except _____ for
 44 tetrahydrocannabinols in hemp, hemp products, hemp extracts, or smokable
 45 hemp, as defined in G.S. 106-568.61.

46 (3) Repealed by Session Laws 2017-115, s. 8, effective December 1, 2017, and
 47 applicable to offenses committed on or after that date."

48 **SECTION 9.(c)** Article 5 of Chapter 90 of the General Statutes is amended by adding
 49 a new section to read:

50 **"§ 90-94.5. Immunity for hemp licensees.**

1 (a) Immunity. – Notwithstanding any other provision of this Chapter, an individual who
2 possesses a valid hemp license from the Department of Agriculture and Consumer Services shall
3 not be prosecuted for a violation of G.S. 90-95(a)(1) or (a)(3) with respect to a commodity
4 cultivated by the licensee containing a THC level that exceeds the federally defined THC level
5 for hemp, as defined by G.S. 106-568.51, unless the licensee committed the violation willfully,
6 knowingly, or intentionally.

7 (b) Penalty. – No criminal penalty for a violation of G.S. 90-95(a)(1) or (a)(3) shall attach
8 for a licensee negligently producing *Cannabis sativa* (L.) with more than the federally defined
9 THC level for hemp. The penalty for a licensee's negligent violation shall be determined by the
10 Department of Agriculture and Consumer Services pursuant to G.S. 106-568.65."

11 **SECTION 10.(a)** G.S. 105-113.106(3a) reads as rewritten:

12 "(3a) Hemp. – Any of the following:

13 a. Hemp as defined in G.S. 106-568.61(9).

14 b. Hemp extracts as defined in G.S. 106-568.61(10).

15 c. Hemp products as defined in G.S. 106-568.61(11)."

16 **SECTION 10.(b)** G.S. 105-113.107A reads as rewritten:

17 "**§ 105-113.107A. Exemptions.**

18 (a) Authorized Possession. – The tax levied in this Article does not apply to a substance
19 in the possession of a dealer who is authorized by law to possess the substance. This exemption
20 applies only during the time the dealer's possession of the substance is authorized by law.

21 (b) Certain Marijuana Parts. – The tax levied in this Article does not apply to the
22 following marijuana:

23 (1) Harvested mature marijuana stalks when separated from and not mixed with
24 any other parts of the marijuana plant.

25 (2) Fiber or any other product of marijuana stalks described in subdivision (1) of
26 this subsection, except resin extracted from the stalks.

27 (3) Marijuana seeds that have been sterilized and are incapable of germination.

28 (4) Roots of the marijuana plant.

29 (c) Hemp. – The tax levied in this Article shall not apply to hemp when lawfully
30 possessed in accordance with Article 50F of Chapter 106 of the General Statutes."

31 **SECTION 11.** Sections 8 through 11 of this act become effective July 1, 2021.

32
33 **DIRECT DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES TO**
34 **REGULATE CANNABINOID-RELATED COMPOUNDS**

35 **SECTION 12.(a)** G.S. 106-121 reads as rewritten:

36 "**§ 106-121. Definitions and general consideration.**

37 For the purpose of this Article:

38 (1) The term "advertisement" means all representations disseminated in any
39 manner or by any means, other than by labeling, for the purposes of inducing,
40 or which are likely to induce, directly or indirectly, the purchase of food,
41 drugs, devices or cosmetics.

42 (1a) The term "cannabinoid-related compounds" means chemical compounds and
43 constituents found within the hemp plant that are biologically active and are
44 classified in subgroups such as cannabinoids, terpenes, flavonoids, and all
45 other related compounds derived from hemp.

46 ~~(1a)~~(1b) The term "color" includes black, white, and intermediate grays.

47 ~~(1b)~~(1c) The term "color additive" means a material which:

48 "

49 **SECTION 12.(b)** G.S. 106-139 is amended by adding two new subsections to read:

50 "(f) The Board may adopt rules to establish current good manufacturing practices in
51 manufacturing, packaging, labeling, or holding operations for cannabinoid-related compounds

1 derived from hemp, as defined in G.S. 106-568.51(5b). The manufacture, sale, delivery, holding,
2 or offering for sale of any cannabinoid-related compounds that does not comply with rules
3 adopted by the Board shall be prohibited under this Article and shall also be subject to
4 G.S. 106-123 and G.S. 106-125.

5 (g) No person, including individuals, partnerships, firms, associations, or corporations,
6 that are subject to rules adopted by the Board shall engage in manufacturing, packaging, labeling,
7 processing, holding, or sale of cannabinoid-related compounds without a valid license issued by
8 the Commissioner. Application for a license shall be made to the Commissioner on forms
9 provided by the Department. The application shall set forth the name and address of the applicant,
10 the applicant's principal place of business, and such other information as the Commissioner may
11 require. The Board shall develop a schedule of license fees, including fees for out-of-state and
12 online retailers. Fees collected pursuant to this subsection shall be used by the Department to
13 cover all reasonable costs of administering the licensing program. Failure to comply with this
14 Article or rules adopted thereunder shall be cause for suspension or revocation of a license."

15 **SECTION 12.(c)** G.S. 106-139 is amended by adding two new subsections to read:

16 "(f) The Board may adopt rules to establish current good manufacturing practices in
17 manufacturing, packaging, labeling, or holding operations for cannabinoid-related compounds
18 derived from hemp, as defined in G.S. 106-568.61(9). The manufacture, sale, delivery, holding,
19 or offering for sale of any cannabinoid-related compounds that does not comply with rules
20 adopted by the Board shall be prohibited under this Article and shall also be subject to
21 G.S. 106-123 and G.S. 106-125.

22 (g) No person, including individuals, partnerships, firms, associations, or corporations,
23 that are subject to rules adopted by the Board shall engage in manufacturing, packaging, labeling,
24 processing, holding, or sale of cannabinoid-related compounds without a valid license issued by
25 the Commissioner. Application for a license shall be made to the Commissioner on forms
26 provided by the Department. The application shall set forth the name and address of the applicant,
27 the applicant's principal place of business, and such other information as the Commissioner may
28 require. The Board shall develop a schedule of license fees, including fees for out-of-state and
29 online retailers. Fees collected pursuant to this subsection shall be used by the Department to
30 cover all reasonable costs of administering the licensing program. Failure to comply with this
31 Article or rules adopted thereunder shall be cause for suspension or revocation of a license."

32 **SECTION 12.(d)** The Board of Agriculture shall adopt temporary rules to implement
33 this section no later than November 1, 2019. The temporary rules shall remain in effect until
34 permanent rules that replace the temporary rules become effective.

35 **SECTION 12.(e)** Subsection (b) of this section is effective January 1, 2020, and
36 expires July 1, 2021. Subsection (c) of this section is effective July 1, 2021. The remainder of
37 this section is effective when it becomes law.

39 **ALLOW DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES TO** 40 **MARKET HEMP**

41 **SECTION 13.(a)** G.S. 106-550 reads as rewritten:

42 **"§ 106-550. Policy as to promotion of use of, and markets for, farm products; official**
43 **marketing campaign.**

44 (a) It is declared to be in the interest of the public welfare that the North Carolina farmers
45 who are producers of livestock, poultry, seafood, field crops and other agricultural products,
46 including cattle, sheep, broilers, turkeys, commercial eggs, peanuts, cotton, hemp, potatoes,
47 ~~sweet potatoes, sweetpotatoes,~~ peaches, apples, berries, vegetables and other fruits of all kinds,
48 as well as bulbs and flowers and other agricultural products having a domestic or foreign market,
49 shall be permitted and encouraged to act jointly and in cooperation with growers, handlers,
50 dealers and processors of such products in promoting and stimulating, by advertising and other
51 methods, the increased production, use and sale, domestic and foreign, of any and all of such

1 agricultural commodities. The provisions of this Article, however, shall not include the
2 agricultural products of tobacco, strawberries, strawberry plants, porcine animals, or equines,
3 with respect to which separate provisions have been made.

4 (b) The "Got to be NC" marketing campaign of the Department of Agriculture and
5 Consumer Services shall be the official agricultural marketing campaign for the State."

6 **SECTION 13.(b)** Article 50 of Chapter 106 of the General Statutes is amended by
7 adding a new section to read:

8 **"§ 106-554.1. Application to North Carolina Hemp Commission for authorization of hemp**
9 **referendum.**

10 Notwithstanding G.S. 106-554, the North Carolina Hemp Commission shall be the entity that
11 provides certification and approval for the purpose of conducting a referendum among the
12 growers or producers of hemp. The North Carolina Hemp Commission shall perform the same
13 function as the Board of Agriculture in all other respects for cultivators of hemp for the purposes
14 of this Article."

15 **SECTION 13.(c)** This section is effective when it becomes law. Subsection (b) of
16 this section expires July 1, 2021.

17 18 **SMOKABLE HEMP**

19 **SECTION 14.(a)** G.S. 106-568.56, as amended by Section 1(a) of this act, reads as
20 rewritten:

21 **"§ 106-568.56. Civil penalty.**

22 (a) In addition to any other liability or penalty provided by law, the Commissioner may
23 assess a civil penalty of not more than two thousand five hundred dollars (\$2,500) per violation
24 against any person who:

25 ...

26 (5) Knowingly or intentionally manufactures, delivers, sells, or possesses
27 smokable hemp, except for hemp plants or parts of a hemp plant grown or
28 handled by a licensee for processing or manufacturing into a legal hemp
29 product.

30 (b) The Commissioner shall remit the clear proceeds of civil penalties assessed pursuant
31 to this section to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

32 **SECTION 14.(b)** G.S. 106-568.57, as amended by Section 1(a) of this act, is
33 amended by adding a new subsection to read:

34 **"(d) Any person that knowingly or intentionally manufactures, delivers, sells, or possesses**
35 **smokable hemp, except for hemp plants or parts of a hemp plant grown or handled by a licensee**
36 **for processing or manufacturing into a legal hemp product, shall be deemed guilty of a Class 1**
37 **misdemeanor."**

38 **SECTION 14.(c)** At least quarterly, the Department of Agriculture and Consumer
39 Services, the North Carolina Industrial Hemp Association, the North Carolina Hemp
40 Commission, the State Bureau of Investigation, and other law enforcement agencies and district
41 attorneys as requested by the State Bureau of Investigation, shall meet to discuss best practices
42 for the hemp industry. The Department of Agriculture and Consumer Services shall report any
43 findings and legislative recommendations from these meetings to the Agriculture and Forestry
44 Awareness Study Commission within 30 days of each meeting.

45 **SECTION 14.(d)** The State Bureau of Investigation shall notify the Agriculture and
46 Forestry Awareness Study Commission in writing when the United States Drug Enforcement
47 Agency has adopted an approved immediate testing method to determine whether hemp is within
48 the federally defined THC level for hemp. Upon the receipt of notification from the State Bureau
49 of Investigation, the Agriculture and Forestry Awareness Study Commission shall study whether
50 the prohibition on the sale of smokable hemp should be repealed and make legislative
51 recommendations.

1 **SECTION 14.(e)** Subsections (a) and (b) of this section become effective December
2 1, 2020, and apply to offenses occurring on or after that date. The remainder of this section is
3 effective when it becomes law.

4
5 **REQUIRE UTILITY COMPANIES TO DISPOSE OF CERTAIN UNUSED**
6 **EASEMENTS UNDER CERTAIN CIRCUMSTANCES, AS RECOMMENDED BY THE**
7 **AGRICULTURE AND FORESTRY AWARENESS STUDY COMMISSION**

8 **SECTION 15.(a)** Article 9 of Chapter 62 of the General Statutes is amended by
9 adding a new section to read:

10 **"§ 62-193. Disposition of certain unused easements.**

11 (a) The underlying fee owner of land encumbered by any easement acquired by a utility
12 company, whether acquired by purchase or by condemnation, on which construction has not been
13 commenced by the utility company for the purpose for which the easement was acquired within
14 20 years of the date of acquisition, may file a complaint with the Commission for an order
15 requiring the utility company to terminate the easement in exchange for payment by the
16 underlying fee owner of the current fair market value of the easement.

17 (b) Upon receipt of the complaint, the Commission shall serve a copy of the complaint
18 on each utility company named in the complaint, together with an order directing that the utility
19 company file an answer to the complaint within 90 days after service.

20 (c) If the utility company agrees to terminate the easement, the utility company shall
21 submit to the Commission, within the time allowed for answer, an original plus four copies of a
22 statement of the utility company's agreement to terminate the easement.

23 (d) If the utility company does not agree that the easement should be terminated, the
24 utility company may request a determination from the Commission as to whether the easement
25 is necessary or advisable for the utility company's long-range needs for the provision of utilities
26 to serve its service area, and whether termination of the easement would be contrary to the
27 interests of the using and consuming public. The Commission may conduct a hearing on the
28 matter, which shall be conducted in accordance with Article 4 of this Chapter. Either party may
29 appeal the Commission's decision in accordance with Article 5 of this Chapter. The burden of
30 proof shall be on the utility company to show that the easement is necessary or advisable for the
31 utility company's long-range needs for the provision of utilities to serve its service area and that
32 termination of the easement would be contrary to the interests of the using and consuming public.

33 (e) If the underlying fee owner and the utility company cannot reach a mutually agreed
34 upon fair market value of the easement, whether terminated voluntarily or by order of the
35 Commission, the Commission shall make a request to the clerk of superior court in the county
36 where the easement is located for the appointment of commissioners to determine the fair market
37 value of the easement in accordance with the process set forth in G.S. 40A-48.

38 (f) If the Commission decides that the easement should not be terminated, the underlying
39 fee owner may not file a complaint with the Commission under this section regarding the same
40 easement for a period of five years from the date of the decision.

41 (g) For purposes of this section, the term "utility company" means a public utility as
42 defined in G.S. 62-3(23), a municipality providing utility services, an authority organized under
43 the North Carolina Water and Sewer Authorities Act, a sanitary district, a metropolitan water
44 district, a metropolitan sewerage district, a metropolitan water and sewerage district, a county
45 water and sewer district, or an electric or telephone membership corporation."

46 **SECTION 15.(b)** This section becomes effective October 1, 2019, and applies to
47 easements acquired on or after that date.

48
49 **RIGHT-OF-WAY FOR LEFT-TURNING FARM EQUIPMENT**

50 **SECTION 16.(a)** G.S. 20-150 is amended by adding a new subsection to read:

1 "(e1) The driver of a vehicle shall not overtake and pass self-propelled farm equipment
2 proceeding in the same direction when the farm equipment is (i) making a left turn or (ii)
3 signaling that it intends to make a left turn."

4 **SECTION 16.(b)** This section becomes effective December 1, 2019, and applies to
5 offenses committed on or after that date.

7 **EXPAND AGRICULTURAL OUTDOOR ADVERTISING**

8 **SECTION 17.** G.S. 136-129 reads as rewritten:

9 **"§ 136-129. Limitations of outdoor advertising devices.**

10 No outdoor advertising shall be erected or maintained within 660 feet of the nearest edge of
11 the right-of-way of the interstate or primary highway systems in this State so as to be visible from
12 the main-traveled way thereof after the effective date of this Article as determined by
13 G.S. 136-140, except the following:

14 ...

15 (2a) Outdoor advertising ~~which advertises the sale of any fruit or vegetable crop~~
16 ~~by the grower at a roadside stand or by having the purchaser pick the crop on~~
17 ~~the property on which the crop is grown provided: (i) to promote a bona fide~~
18 ~~farm that is exempt from zoning regulations pursuant to G.S. 153-340(b),~~
19 ~~provided the sign is no more than two-three feet long on any side; (ii) side and~~
20 ~~the sign is located on property owned or leased by the grower where the crop~~
21 ~~is grown; (iii) the grower is also the seller; and (iv) the sign is kept in place by~~
22 ~~the grower for no more than 30 days.~~ any bona fide farm property owned or
23 leased by the owner or lessee of the bona fide farm.

24 "

25 **AGRICULTURE AND FORESTRY AWARENESS STUDY COMMISSION COCHAIR** 26 **HOLDOVER**

27 **SECTION 18.** G.S. 120-150 reads as rewritten:

28 **"§ 120-150. Creation; appointment of members.**

29 (a) There is created an Agriculture and Forestry Awareness Study Commission. Members
30 of the Commission shall be citizens of North Carolina who are interested in the vitality of the
31 agriculture and forestry sectors of the State's economy. Members shall be as follows:

- 32 (1) Three appointed by the Governor.
- 33 (2) Three appointed by the President Pro Tempore of the Senate.
- 34 (3) Three appointed by the Speaker of the House.
- 35 (4) The chairs of the House Agriculture Committee.
- 36 (5) The chairs of the Senate Committee on Agriculture, Environment, and Natural
37 Resources.
- 38 (6) The Commissioner of Agriculture or the Commissioner's designee.
- 39 (7) A member of the Board of Agriculture designated by the chair of the Board of
40 Agriculture.
- 41 (8) The President of the North Carolina Farm Bureau Federation, Inc., or the
42 President's designee.
- 43 (9) The President of the North Carolina State Grange or the President's designee.
- 44 (10) The Secretary of Environmental Quality or the Secretary's designee.
- 45 (11) The President of the North Carolina Forestry Association, Inc., or the
46 President's designee.
- 47 (11) The President of the North Carolina Forestry Association, Inc., or the
47 President's designee.

48 (b) Members shall be appointed for two-year terms beginning October 1 of each
49 odd-numbered year. The Chairs of the House Agriculture Committee and the Chairs of the Senate
50 Committee on Agriculture, Environment, and Natural Resources shall serve as cochairs. The
51 President Pro Tempore of the Senate and the Speaker of the House of Representatives may each

1 appoint an additional member of the Senate and House, respectively, to serve as cochair. If
2 appointed, these cochairs shall be voting members of the Commission. A quorum of the
3 Commission is nine members.

4 (c) Cochairs' terms on the Commission are for two years and begin on the convening of
5 the General Assembly in each odd-numbered year. Except as otherwise provided in this
6 subsection, a cochair of the Commission shall continue to serve for so long as the cochair remains
7 a member of the General Assembly and no successor has been appointed. A cochair of the
8 Commission who does not seek reelection or is not reelected to the General Assembly may
9 complete a term of service on the Commission until the day on which a new General Assembly
10 convenes. A member of the Commission who resigns or is removed from service in the General
11 Assembly shall be deemed to have resigned or been removed from service on the Commission."
12

13 **EXEMPT FACILITIES THAT STORE PRODUCTS FROM AGRICULTURAL** 14 **OPERATIONS THAT ARE RENEWABLE ENERGY RESOURCES FROM EMC RULE**

15 **SECTION 19.(a) Rule.** – Until the effective date of the revised permanent rule that
16 the Environmental Management Commission is required to adopt pursuant to subsection (c) of
17 this section, the Commission shall implement 15A NCAC 02D .1806 as provided in subsection
18 (b) of this section.

19 **SECTION 19.(b) Implementation.** – Notwithstanding subsection (c) of 15A NCAC
20 02D .1806, the Commission shall classify facilities that store products that are (i) grown,
21 produced, or generated on one or more agricultural operations and (ii) that are "renewable energy
22 resources" as defined in G.S. 62-133.8(a)(8), as agricultural operations that are exempt from the
23 requirements of the Rule.

24 **SECTION 19.(c) Additional Rule-Making Authority.** – The Commission shall adopt
25 rules to amend 15A NCAC 02D .1806 consistent with subsection (b) of this section.

26 **SECTION 19.(d) Effective Date.** – Subsection (b) of this section expires on the date
27 that rules adopted pursuant to subsection (c) of this section become effective. The remainder of
28 this section is effective when it becomes law.
29

30 **ADD HUNTING, FISHING, SHOOTING SPORTS, AND EQUESTRIAN ACTIVITIES** 31 **TO THE DEFINITION OF AGRITOURISM, AND LIMIT REGULATION OF** 32 **CATERING BY BONA FIDE FARMS**

33 **SECTION 20.(a) G.S. 99E-30 reads as rewritten:**

34 **"§ 99E-30. Definitions.**

35 As used in this Article, the following terms mean:

- 36 (1) Agritourism activity. – Any activity carried out on a farm or ranch that allows
37 members of the general public, for recreational, entertainment, or educational
38 purposes, to view or enjoy rural activities, including farming, ranching,
39 historic, cultural, harvest-your-own activities, hunting, fishing, shooting
40 sports, equestrian activities, or natural activities and attractions. An activity is
41 an agritourism activity whether or not the participant paid to participate in the
42 activity. For purposes of this section, properties used for shooting sports shall
43 comply with guidelines for design and site evaluation as established by the
44 Wildlife Resources Commission. "Agritourism activity" includes an activity
45 involving any animal exhibition at an agricultural fair licensed by the
46 Commissioner of Agriculture pursuant to G.S. 106-520.3.
- 47 (2) Agritourism professional. – Any person who is engaged in the business of
48 providing one or more agritourism activities, whether or not for compensation.
- 49 (3) Inherent risks of agritourism activity. – Those dangers or conditions that are
50 an integral part of an agritourism activity including certain hazards, including
51 surface and subsurface conditions, natural conditions of land, vegetation, and

1 waters, the behavior of wild or domestic animals, and ordinary dangers of
2 structures or equipment ordinarily used in farming and ranching operations.
3 Inherent risks of agritourism activity also include the potential of a participant
4 to act in a negligent manner that may contribute to injury to the participant or
5 others, including failing to follow instructions given by the agritourism
6 professional or failing to exercise reasonable caution while engaging in the
7 agritourism activity.

8 (4) Participant. – Any person, other than the agritourism professional, who
9 engages in an agritourism activity.

10 (5) Person. – An individual, fiduciary, firm, association, partnership, limited
11 liability company, corporation, unit of government, or any other group acting
12 as a unit."

13 **SECTION 20.(b)** G.S. 153A-340(b)(2a) reads as rewritten:

14 "(2a) A building or structure that is used for agritourism is a bona fide farm purpose
15 if the building or structure is located on a property that (i) is owned by a person
16 who holds a qualifying farmer sales tax exemption certificate from the
17 Department of Revenue pursuant to G.S. 105-164.13E(a) or (ii) is enrolled in
18 the present-use value program pursuant to G.S. 105-277.3. Failure to maintain
19 the requirements of this subsection for a period of three years after the date
20 the building or structure was originally classified as a bona fide purpose
21 pursuant to this subdivision shall subject the building or structure to applicable
22 zoning and development regulation ordinances adopted by a county pursuant
23 to subsection (a) of this section in effect on the date the property no longer
24 meets the requirements of this subsection. For purposes of this section,
25 "agritourism" means any activity carried out on a farm or ranch that allows
26 members of the general public, for recreational, entertainment, or educational
27 purposes, to view or enjoy rural activities, including farming, ranching,
28 historic, cultural, harvest-your-own activities, hunting, fishing, shooting
29 sports, equestrian activities, or natural activities and attractions. For purposes
30 of this section, properties used for shooting sports shall comply with
31 guidelines for design and site evaluation as established by the Wildlife
32 Resources Commission. A vote of the full board of county commissioners
33 shall be required to determine whether a property used for shooting sports is
34 in compliance with the guidelines adopted by the Wildlife Resources
35 Commission. A building or structure used for agritourism includes any
36 building or structure used for public or private events, including, but not
37 limited to, weddings, receptions, meetings, demonstrations of farm activities,
38 meals, and other events that are taking place on the farm because of its farm
39 or rural setting."

40 **SECTION 20.(c)** Article 6 of Chapter 153A of the General Statutes is amended by
41 adding a new section to read:

42 **"§ 153A-145.8. Limitations on regulation of catering by bona fide farms.**

43 Notwithstanding any other provision of law, no county may require a business located on a
44 property used for bona fide farm purposes, as provided in G.S. 153A-340(b), that provides
45 catering services on and off-site from the bona fide farm property, to obtain a permit to provide
46 catering services within the county. This section shall not be construed to exempt the business
47 from any health and safety rules adopted by a local health department, the Department of Health
48 and Human Services, or the Commission for Public Health."

49 **SECTION 20.(d)** Article 8 of Chapter 160A of the General Statutes is amended by
50 adding a new section to read:

51 **"§ 160A-203.2. Limitations on regulation of catering by bona fide farms.**

1 Notwithstanding any other provision of law, no city may require a business located on a
2 property used for bona fide farm purposes, as provided in G.S. 153A-340(b), that provides
3 catering services on and off-site from the bona fide farm property, to obtain a permit to provide
4 catering services within the city. This section shall not be construed to exempt the business from
5 any health and safety rules adopted by a local health department, the Department of Health and
6 Human Services, or the Commission for Public Health."

7
8 **ENACT THE NORTH CAROLINA SWEETPOTATO ACT FOR THE PROMOTION OF**
9 **NORTH CAROLINA SWEETPOTATOES**

10 **SECTION 21.** Chapter 106 of the General Statutes is amended by adding a new
11 Article to read:

12 "Article 87.

13 "North Carolina Sweetpotato Act.

14 **"§ 106-1065. Title.**

15 This Article shall be known and may be cited as the "North Carolina Sweetpotato Act of
16 2019."

17 **"§ 106-1066. Definitions.**

18 As used in this Article:

- 19 (1) "Commissioner" means the Commissioner of the Department of Agriculture
20 and Consumer Services.
21 (2) "Department" means the Department of Agriculture and Consumer Services.
22 (3) "Person" means an individual, partnership, corporation, association, or any
23 other legal entity.
24 (4) "North Carolina Sweetpotato Advisory Council" means the advisory council
25 established pursuant to G.S. 106-1070.

26 **"§ 106-1067. North Carolina sweetpotato brand.**

27 Only sweetpotatoes that are grown in the State of North Carolina may be identified, classified,
28 packaged, labeled, or otherwise designated for sale inside or outside the State as North Carolina
29 sweetpotatoes.

30 **"§ 106-1068. Powers of Commissioner to regulate and promote North Carolina**
31 **sweetpotatoes.**

32 (a) The Commissioner of Agriculture may take all actions necessary and appropriate to
33 create, register, license, promote, and protect a trademark for use on or in connection with the
34 sale or promotion of North Carolina sweetpotatoes and products containing North Carolina
35 sweetpotatoes. The Commissioner may impose and collect a reasonable royalty or license fee per
36 hundredweight of sweetpotatoes for the use of such trademark on products containing North
37 Carolina sweetpotatoes or the packaging containing such sweetpotato products. The
38 Commissioner shall determine the fee in consultation with representatives of the sweetpotato
39 industry and the Marketing Division of the Department of Agriculture and Consumer Services.
40 The Commissioner shall remit all royalties and license fees received from this Article, less any
41 costs associated with monitoring the use of the trademark, prohibiting the unlawful or
42 unauthorized use of the trademark, and enforcing rights in the trademark, to the North Carolina
43 SweetPotato Commission for the promotion of North Carolina sweetpotatoes.

44 (b) The Board of Agriculture may adopt rules that may include, but are not limited to,
45 quality standards, grades, packing, handling, labeling, and marketing practices for the marketing
46 of sweetpotatoes in this State, and such other rules as are necessary to administer this Article.
47 The Board of Agriculture may also adopt rules establishing a registration, inspection, and
48 verification program for the production and marketing of North Carolina sweetpotatoes in this
49 State. All North Carolina sweetpotatoes sold shall conform to the prescribed standards and grades
50 and shall be labeled accordingly.

1 (c) The Commissioner and the Commissioner's agents and employees may enter any
 2 premises or other property where sweetpotatoes are produced, stored, sold, offered for sale,
 3 packaged for sale, transported, or delivered to inspect the sweetpotatoes for the purpose of
 4 enforcing the provisions of this Article and the rules adopted under this Article.

5 **"§ 106-1069. Standards for grades.**

6 The most recent standards for grades adopted by the United States Department of Agriculture,
 7 Agricultural Marketing Service, United States Standards for Grades of Sweetpotatoes are
 8 adopted by reference and shall be the standards for grades in this State, except that the
 9 Commissioner may establish tolerances or allowable percentages of United States standards each
 10 season upon the recommendation of the North Carolina Sweetpotato Advisory Council.

11 **"§ 106-1070. North Carolina Sweetpotato Advisory Council.**

12 The Commissioner shall appoint a North Carolina Sweetpotato Advisory Council, to consist
 13 of individuals involved in growing, packing, or growing and packing North Carolina
 14 sweetpotatoes; at least one sweetpotato processor; at least one sweetpotato retailer; at least one
 15 county cooperative extension agent familiar with the production of North Carolina
 16 sweetpotatoes; and any other person or persons selected by the Commissioner, for the purpose
 17 of rendering advice upon his or her request regarding the exercise of the Commissioner's
 18 authority pursuant to G.S. 106-1068. Members of the North Carolina Sweetpotato Advisory
 19 Council shall receive no compensation for their service."

20
 21 **SOIL AND WATER CONSERVATION JOB APPROVAL AUTHORITY**

22 **SECTION 22.(a)** G.S. 89C-25 reads as rewritten:

23 **"§ 89C-25. Limitations on application of Chapter.**

24 This Chapter shall not prevent the following activities:

25 ...

- 26 (6) Practice by members of the Armed Forces of the United States; employees of
 27 the government of the United States while engaged in the practice of
 28 engineering or land surveying solely for the government on
 29 government-owned works and projects; or practice by those employees of the
 30 Natural Resources Conservation Service, county employees, ~~or~~ employees of the
 31 Soil and Water Conservation ~~Districts~~ Districts, or employees of the
 32 Division of Soil and Water Conservation of the Department of Agriculture
 33 and Consumer Services who have ~~federal~~ engineering job approval authority
 34 issued by the Natural Resources Conservation Service or the Soil and Water
 35 Conservation Commission that involves the planning, designing, or
 36 implementation of best management practices on agricultural ~~lands~~ lands, or
 37 for the planning, designing, or implementation of best management practices
 38 approved for cost-share funding pursuant to programs identified in
 39 G.S. 139-4(d)(9).

40"

41 **SECTION 22.(b)** G.S. 139-3 is amended by adding a new subdivision to read:

42 **"(19)** "Job approval authority" means the authority granted by the Commission to
 43 Soil and Water Conservation District staff or employees of the Division of
 44 Soil and Water Conservation of the Department of Agriculture and Consumer
 45 Services who have demonstrated the appropriate knowledge, skill, and ability
 46 to plan, design, and certify the installation of best management practices
 47 approved for cost-share funding pursuant to programs identified in
 48 G.S. 139-4(d)(9)."

49 **SECTION 22.(c)** G.S. 139-4 reads as rewritten:

50 **"§ 139-4. Powers and duties of Soil and Water Conservation Commission generally.**

- 51 (a) through (c) Repealed by Session Laws 1973, c. 1262, s. 38.

(d) In addition to the duties and powers hereinafter conferred upon the Soil and Water Conservation Commission, it shall have the following duties and powers:

(14) To develop and implement a program for granting job approval authority to Soil and Water Conservation District staff and employees of the Division of Soil and Water Conservation of the Department of Agriculture and Consumer Services to plan, design, and certify the installation of best management practices approved for cost-share funding pursuant to programs identified in G.S. 139-4(d)(9).

...."

PRESENT-USE VALUE DISQUALIFICATION EVENT NOTIFICATION

SECTION 23.(a) G.S. 105-277.4 reads as rewritten:

"§ 105-277.4. Agricultural, horticultural and forestland – Application; appraisal at use value; notice and appeal; deferred taxes.

...

(b1) Notice and Appeal. – If the assessor determines that the property loses its eligibility for present-use value classification for a reason other than failure to file a timely application required due to transfer of the land, the assessor shall provide written notice of the decision as required by G.S. 105-296(i). The notice shall include the property's tax identification number, the specific reason for the disqualification, and the date of the decision. Decisions of the assessor regarding the qualification or appraisal of property under this section may be appealed to the county board of equalization and review or, if that board is not in session, to the board of county commissioners. An appeal must be made within 60 days after date of the written notice of the decision of the assessor. If an owner submits additional information to the assessor pursuant to G.S. 105-296(j), the appeal must be made within 60 days after the assessor's decision based on the additional information. Decisions of the county board may be appealed to the Property Tax Commission.

A new appeal to a decision of the assessor regarding the disqualification of property for which notice was received is not required to be submitted for subsequent tax years while the appeal of that disqualifying event is outstanding. When a property's present-use value classification is reinstated upon appeal of the disqualifying event, it is reinstated retroactive to the date the classification was revoked, as provided under G.S. 105-296(j).

If, while an assessor's decision that a property has lost its eligibility for present-use value classification is under appeal to the county board or to the Property Tax Commission, the assessor determines that the property is no longer eligible for present-use value classification because of an additional disqualifying event independent of the one that is the basis of the disqualification under appeal, the assessor shall follow the notice and appeal procedure set forth in this subsection with regard to the subsequent disqualification.

...."

SECTION 23.(b) This section is effective when it becomes law.

CHANGE NAME OF FOOD PROCESSING INNOVATION CENTER COMMITTEE

SECTION 24. Section 10.24.(a) of S.L. 2017-57 reads as rewritten:

"~~SECTION 10.24.(a)~~ There is created the ~~Food Processing Innovation Center North Carolina Food Innovation Lab~~ Committee (Committee), which shall be located administratively in the Department of Agriculture and Consumer Services. The Committee shall consist of 14 members, including:

...."

SOIL AND WATER CONSERVATION CONFIDENTIALITY CHANGE

1 **SECTION 25.(a)** Article 1 of Chapter 139 of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 139-8.2. Certain information confidential.**

4 (a) All information that is collected by soil and water conservation districts from farm
5 owners, animal owners, agricultural producers or owners of agricultural land that is confidential
6 under federal or State law shall be held confidential by the soil and water conservation districts,
7 including:

- 8 (1) Information provided by an agricultural producer or owner of agricultural land
9 concerning the agricultural operation, farming or conservation practices, or
10 the land itself, in order to participate in soil and water conservation programs.
11 (2) Geospatial information otherwise maintained by the district about agricultural
12 lands or operations for which information described in subdivision (1) of this
13 subsection is provided.

14 (b) This section shall not include applications for cost-share assistance and associated
15 contract documents that require the approval of the soil and water conservation district or the
16 Soil and Water Conservation Commission."

17 **SECTION 25.(b)** This section becomes effective October 1, 2019.

18
19 **CLARIFY PERMITTING FOR CERTAIN SWINE FARM MODIFICATIONS**

20 **SECTION 27.** G.S. 143-215.10I reads as rewritten:

21 **"§ 143-215.10I. Performance standards for animal waste management systems that serve**
22 **swine farms; lagoon and sprayfield systems prohibited.**

23 (a) As used in this section:

- 24 (1) "Anaerobic lagoon" means a lagoon that treats waste by converting it into
25 carbon dioxide, methane, ammonia, and other gaseous compounds; organic
26 acids; and cell tissue through an anaerobic process.
27 (2) "Anaerobic process" means a biological treatment process that occurs in the
28 absence of dissolved oxygen.
29 (3) "Lagoon" has the same meaning as in G.S. 106-802.
30 (4) "Swine farm" has the same meaning as in G.S. 106-802.

31 (b) The Commission shall not issue or modify a permit to authorize the construction,
32 operation, or expansion of an animal waste management system that serves a swine farm that
33 employs an anaerobic lagoon as the primary method of treatment and land application of waste
34 by means of a sprayfield as the primary method of waste disposal. ~~The Commission may issue a~~
35 ~~permit for the construction, operation, or expansion of an animal waste management system that~~
36 ~~serves a swine farm under this Article only if the Commission determines that the animal waste~~
37 ~~management system will meet or exceed all of the following performance standards:~~
38 ~~disposal~~
unless:

- 39 (1) The permitting action does not result in an increase in the permitted capacity
40 of the swine farm, as measured by the annual steady state live weight capacity
41 of the swine farm; or
42 (2) The Commission determines that the animal waste management system will
43 meet or exceed all of the following performance standards:
44 ~~(1)~~a. Eliminate the discharge of animal waste to surface water and
45 groundwater through direct discharge, seepage, or runoff.
46 ~~(2)~~b. Substantially eliminate atmospheric emission of ammonia.
47 ~~(3)~~c. Substantially eliminate the emission of odor that is detectable beyond
48 the boundaries of the parcel or tract of land on which the swine farm
49 is located.
50 ~~(4)~~d. Substantially eliminate the release of disease-transmitting vectors and
51 airborne pathogens.

1 (5)e. Substantially eliminate nutrient and heavy metal contamination of soil
2 and groundwater."
3

4 **PREVENT GRANT FUNDING DUPLICATION**

5 **SECTION 28.(a)** G.S. 143-215.71 reads as rewritten:

6 "**§ 143-215.71. Purposes for which grants may be requested.**

7 (a) Applications for grants may be made for the nonfederal share of water resources
8 development projects for the following purposes in amounts not to exceed the percentage of the
9 nonfederal costs indicated:

10 ...

11 (8) Projects that are part of the Environmental Quality Incentives Program – one
12 hundred percent (100%).

13 (b) Notwithstanding subdivision (8) of subsection (a) of this section, projects that are part
14 of the Environmental Quality Incentives Program are ineligible for funding under this Part if they
15 receive funding from the Clean Water Management Trust Fund established in
16 G.S. 143B-135.234."

17 **SECTION 28.(b)** G.S. 143B-135.238(d) reads as rewritten:

18 "(d) Restriction. – No grant shall be awarded under this Part for any of the following
19 purposes:

20 (1) ~~to~~ To satisfy compensatory mitigation requirements under 33 USC § 1344 or
21 G.S. 143-214.11.

22 (2) To any project receiving State funds authorized by G.S. 143-215.71 for the
23 nonfederal share of a grant under the Environmental Quality Incentives
24 Program."

25 **SECTION 28.(c)** The Department of Environmental Quality and the Department of
26 Natural and Cultural Resources shall jointly report to the Joint Legislative Oversight Committee
27 on Agriculture and Natural and Economic Resources no later than September 30, 2019, regarding
28 funding overlaps between water resources development grant funding and Clean Water
29 Management Trust Fund grants for Environmental Quality Incentives Program funding for the
30 Western Stream Initiative and the efforts of both Departments to improve administration of State
31 grants for that program.
32

33 **IMPROVE PERFORMANCE MANAGEMENT OF STATE GRANT FUNDS**

34 **SECTION 29.(a)** The Department of Environmental Quality shall develop
35 performance management procedures for projects funded as part of the Western Stream Initiative.
36 These procedures shall include, at a minimum, the collection and reporting of the following
37 measures for all projects receiving grant funding:

38 (1) Time to issue and act upon grant applications.

39 (2) Time to process requests for payment.

40 (3) Cost per grant administered.

41 (4) Number of applicants reviewed, approved, and denied.

42 (5) Number of grants administered.

43 (6) Total grant dollars administered.

44 (7) Total project cost for each project, including all funding sources, broken out
45 into the following categories:

46 a. Permitting cost.

47 b. Site assessment, design, and engineering.

48 c. Management and engineering.

49 (8) Total linear feet of stream restored in each year.

50 (9) Cost per linear foot of restored stream.

51 (10) Reduction in sediment loading achieved.

1 **SECTION 29.(b)** The Department of Natural and Cultural Resources shall provide
2 to the Department of Environmental Quality all of the measures set forth in subsection (a) of this
3 section that are relevant to funding for the Western Stream Initiative provided by the Clean Water
4 Management Trust Fund.

5 **SECTION 29.(c)** G.S. 143-215.72(d) is amended by adding a new subdivision to
6 read:

7 "(3) The Department shall annually report no later than November 1 to the Joint
8 Legislative Oversight Committee on Agriculture and Natural and Economic
9 Resources and the Fiscal Research Division regarding grants for projects
10 funded through the Western Stream Initiative. The report shall include
11 measures of grant administration and grant implementation efficiency and
12 effectiveness. For purposes of this subdivision, the "Western Stream
13 Initiative" refers to the portion of federal Environmental Quality Incentives
14 Program funding provided to the Western North Carolina Stream Initiative for
15 the counties of Alexander, Alleghany, Ashe, Avery, Buncombe, Burke,
16 Caldwell, Catawba, Cherokee, Clay, Cleveland, Graham, Haywood,
17 Henderson, Iredell, Jackson, Lincoln, Macon, Madison, McDowell, Mitchell,
18 Polk, Rutherford, Stokes, Surry, Swain, Transylvania, Watauga, Wilkes,
19 Yadkin, and Yancey."

20
21 **DIRECT STATE AUDITOR TO CONDUCT AUDIT OF WESTERN STREAM**
22 **INITIATIVE FUNDING FOR PROJECTS MANAGED BY RESOURCE INSTITUTE**

23 **SECTION 30.** No later than June 1, 2020, the Office of the State Auditor shall
24 conduct an audit of all State funds ever paid to Resource Institute for the Western Stream
25 Initiative through the Clean Water Management Trust Fund and through Water Resources
26 Development Grants for the Environmental Quality Incentives Program. Based on the findings
27 of the audit required by this section, the Director and Board of Trustees of the Clean Water
28 Management Trust Fund and the Department of Environmental Quality are directed to seek
29 recoupment of any identified overpayment of State funds.

30
31 **SEVERABILITY CLAUSE AND EFFECTIVE DATE**

32 **SECTION 31.(a)** If any provision of this act or the application thereof to any person
33 or circumstances is held invalid, such invalidity shall not affect other provisions or applications
34 of this act that can be given effect without the invalid provision or application, and, to this end,
35 the provisions of this act are declared to be severable.

36 **SECTION 31.(b)** Except as otherwise provided, this act is effective when it becomes
37 law.