

Senate Bill No. 396—Senators Spearman, Segerblom, Parks; Atkinson, Cancela, Denis, Farley, Ford, Ratti and Woodhouse

Joint Sponsors: Assemblymen Brooks and Carrillo

CHAPTER.....

AN ACT relating to industrial hemp; authorizing the growth and handling of industrial hemp and the production of agricultural hemp seed in certain circumstances; providing penalties; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law authorizes an institution of higher education or the State Department of Agriculture to grow or cultivate industrial hemp for purposes of research conducted under an agricultural pilot program or for other agricultural or academic research. (NRS 557.070) **Sections 2-21** of this bill create a separate program for the growth and cultivation of industrial hemp and produce agricultural hemp seed in this State. **Section 12** of this bill requires a person who wishes to grow or handle industrial hemp or produce agricultural hemp seed to register with the Department. **Sections 13-17** of this bill establish certain registration requirements for such growers, handlers and producers. **Section 19** of this bill requires the testing of commodities or products made using industrial hemp by an independent testing laboratory. **Section 24** of this bill allows a facility for the production of edible marijuana products or marijuana-infused products and a medical marijuana dispensary to acquire industrial hemp from a registered grower or handler. **Section 24** also allows a facility for the production of edible marijuana products or marijuana-infused products to use industrial hemp to manufacture edible marijuana products and marijuana-infused products. Finally, **section 24** allows a medical marijuana dispensary to dispense industrial hemp and edible marijuana products and marijuana-infused products containing industrial hemp. **Section 25** of this bill requires the Division of Public and Behavioral Health of the Department of Health and Human Services to adopt regulations setting forth minimum requirements for industrial hemp which is used by a facility for the production of edible marijuana products or marijuana-infused products to manufacture such products or which is dispensed by a medical marijuana dispensary.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 557 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 21, inclusive, of this act.

Sec. 2. *As used in sections 2 to 21, inclusive, of this act, unless the context otherwise requires, the words and terms defined*



in sections 3 to 10, inclusive, of this act have the meanings ascribed to them in those sections.

Sec. 3. *“Agricultural hemp seed” means the seed of any plant of the genus Cannabis that:*

- 1. Is sold to or intended to be sold to a grower for planting; or*
- 2. Remains in an unprocessed or partially processed condition that is capable of germination.*

Sec. 4. *“Crop” means all industrial hemp grown by a grower.*

Sec. 5. *“Department” means the State Department of Agriculture.*

Sec. 6. *“Grower” means a person who is registered by the Department and produces industrial hemp.*

Sec. 7. *“Handler” means a person who is registered by the Department pursuant to sections 2 to 21, inclusive, of this act and receives industrial hemp for processing into commodities, products or agricultural hemp seed.*

Sec. 8. *1. “Industrial hemp” means:*

(a) Any plant of the genus Cannabis and any part of such a plant other than a seed, whether growing or not, with a THC concentration of not more than 0.3 percent on a dry weight basis; and

(b) A seed of any plant of the genus Cannabis that:

- (1) Is part of a crop;*
- (2) Is retained by a grower for future planting;*
- (3) Is agricultural hemp seed;*
- (4) Is intended for processing into or for use as agricultural hemp seed; or*
- (5) Has been processed in a manner that renders it incapable of germination.*

2. “Industrial hemp” does not include any commodity or product made using industrial hemp.

Sec. 9. *“Producer” means a person who is registered by the Department pursuant to sections 2 to 21, inclusive, of this act and produces agricultural hemp seed.*

Sec. 10. *“THC” has the meaning ascribed to it in NRS 453A.155.*

Sec. 11. *The provisions of sections 2 to 21, inclusive, of this act do not apply to the Department or an institution of higher education which grows or cultivates industrial hemp pursuant to NRS 557.010 to 557.080, inclusive.*

Sec. 12. *1. A person shall not grow or handle industrial hemp or produce agricultural hemp seed unless the person is*



registered with the Department as a grower, handler or producer, as applicable.

2. A person who wishes to grow or handle industrial hemp must register with the Department as a grower or handler, as applicable.

3. A person who wishes to produce agricultural hemp seed must register with the Department as a producer unless the person is:

(a) A grower registered pursuant to subsection 2 who retains agricultural hemp seed solely pursuant to subsection 3 of section 17 of this act; or

(b) A grower or handler registered pursuant to subsection 2 who processes seeds of any plant of the genus Cannabis which are incapable of germination into commodities or products.

↳ A person may not register as a producer unless the person is also registered as a grower or handler.

4. A person who wishes to register with the Department as a grower, handler or producer must submit to the Department the fee established pursuant to subsection 7 and an application, on a form prescribed by the Department, which includes:

(a) The name and address of the applicant;

(b) The name and address of the applicant's business in which industrial hemp or agricultural hemp seed will be grown, handled or produced, if different than that of the applicant; and

(c) Such other information as the Department may require by regulation.

5. Registration as a grower, handler or producer expires on December 31 of each year and may be renewed upon submission of an application for renewal containing such information as the Department may require by regulation.

6. Registration as a grower, handler or producer is not transferable. If a grower, handler or producer changes its business name or the ownership of the grower, handler or producer changes, the grower, handler or producer must obtain a new registration pursuant to sections 2 to 21, inclusive, of this act.

7. The Department shall establish by regulation fees for the issuance and renewal of registration as a grower, handler or producer in an amount necessary to cover the costs of carrying out sections 2 to 21, inclusive, of this act.

Sec. 13. *1. In addition to any other requirements set forth in sections 2 to 21, inclusive, of this act, an applicant for registration or the renewal of a registration as a grower, handler or producer shall:*



(a) Include the social security number of the applicant in the application submitted to the Department.

(b) Submit to the Department the statement prescribed by the Division of Welfare and Supportive Services of the Department of Health and Human Services pursuant to NRS 425.520. The statement must be completed and signed by the applicant.

2. The Department shall include the statement required pursuant to subsection 1 in:

(a) The application or any other forms that must be submitted for the issuance or renewal of the registration; or

(b) A separate form prescribed by the Department.

3. Registration as a grower, handler or producer may not be issued or renewed by the Department if the applicant:

(a) Fails to submit the statement required pursuant to subsection 1; or

(b) Indicates on the statement submitted pursuant to subsection 1 that the applicant is subject to a court order for the support of a child and is not in compliance with the order or a plan approved by the district attorney or other public agency enforcing the order for the repayment of the amount owed pursuant to the order.

4. If an applicant indicates on the statement submitted pursuant to subsection 1 that the applicant is subject to a court order for the support of a child and is not in compliance with the order or a plan approved by the district attorney or other public agency enforcing the order for the repayment of the amount owed pursuant to the order, the Department shall advise the applicant to contact the district attorney or other public agency enforcing the order to determine the actions that the applicant may take to satisfy the arrearage.

Sec. 14. *1. If the Department receives a copy of a court order issued pursuant to NRS 425.540 that provides for the suspension of all professional, occupational and recreational licenses, certificates and permits issued to a person who is registered as a grower, handler or producer, the Department shall deem the registration issued to that person to be suspended at the end of the 30th day after the date on which the court order was issued unless the Department receives a letter issued to the registrant by the district attorney or other public agency pursuant to NRS 425.550 stating that the registrant has complied with the subpoena or warrant or has satisfied the arrearage pursuant to NRS 425.560.*



2. *The Department shall reinstate the registration of a grower, handler or producer that has been suspended by a district court pursuant to NRS 425.540 if the Department receives a letter issued by the district attorney or other public agency pursuant to NRS 425.550 to the person whose registration was suspended stating that the person whose registration was suspended has complied with the subpoena or warrant or has satisfied the arrearage pursuant to NRS 425.560.*

Sec. 15. 1. *In addition to any other requirements set forth in sections 2 to 21, inclusive, of this act, an applicant for the renewal of a registration as a grower, handler or producer must indicate in the application submitted to the Department whether the applicant has a state business registration. If the applicant has a state business registration, the applicant must include in the application the business identification number assigned by the Secretary of State upon compliance with the provisions of chapter 76 of NRS.*

2. *Registration as a grower, handler or producer may not be renewed by the Department if:*

(a) *The applicant fails to submit the information required by subsection 1; or*

(b) *The State Controller has informed the Department pursuant to subsection 5 of NRS 353C.1965 that the applicant owes a debt to an agency that has been assigned to the State Controller for collection and the applicant has not:*

(1) *Satisfied the debt;*

(2) *Entered into an agreement for the payment of the debt pursuant to NRS 353C.130; or*

(3) *Demonstrated that the debt is not valid.*

3. *As used in this section:*

(a) *“Agency” has the meaning ascribed to it in NRS 353C.020.*

(b) *“Debt” has the meaning ascribed to it in NRS 353C.040.*

Sec. 16. 1. *A grower or handler shall keep such records as the Department may prescribe by regulation and, upon 3 days’ notice, make such records available to the Department for inspection during normal business hours. The Department may inspect records pursuant to this subsection to determine whether a person has complied with the provisions of sections 2 to 21, inclusive, of this act, the regulations adopted pursuant thereto and any lawful order of the Department.*

2. *The Department may inspect any growing crop of a grower and take a representative sample for analysis in the field. If the testing of such a sample in the field determines that the crop*



contains a THC concentration of more than 0.3 percent on a dry weight basis, the Department may detain, seize or embargo the crop.

Sec. 17. *1. Each grower shall provide the Department with a description of the property on which the crop of the grower is or will be located. Such a description must be in a manner prescribed by the Department and include, without limitation, global positioning system coordinates.*

2. A grower may use any method for the propagation of industrial hemp to produce industrial hemp, including, without limitation, planting seeds or starts, using clones or cuttings or cultivating industrial hemp in a greenhouse.

3. A grower may retain agricultural hemp seed for the purpose of propagating industrial hemp in future years.

Sec. 18. *1. The Department may adopt regulations establishing quality standards and requirements for the packaging and labeling of agricultural hemp seed.*

2. A producer shall comply with:

(a) Any regulation adopted by the Department pursuant to subsection 1; and

(b) The provisions of NRS 587.015 to 587.123, inclusive, and any regulations adopted pursuant thereto.

3. The Department shall provide adequate information to growers to identify producers from which a grower may purchase agricultural hemp seed.

Sec. 19. *1. A grower, handler or producer may submit industrial hemp or a commodity or product made using industrial hemp to an independent testing laboratory for testing pursuant to this section and an independent testing laboratory may perform such testing.*

2. A handler may not sell a commodity or product made using industrial hemp which is intended for human consumption unless the commodity or product has been submitted to an independent testing laboratory for testing and the independent testing laboratory has confirmed that the commodity or product satisfies the standards established by the Department for the content and quality of industrial hemp.

3. The Department shall adopt regulations establishing protocols and procedures for the testing of commodities and products made using industrial hemp, including, without limitation, determining appropriate standards for sampling and for the size of batches for testing.



4. *The Department may adopt regulations requiring the submission of a sample of a crop of industrial hemp by a grower to an independent testing laboratory to determine whether the crop has a THC concentration of not more than 0.3 percent on a dry weight basis. The regulations may include, without limitation:*

(a) Protocols and procedures for the testing of a crop, including, without limitation, determining appropriate standards for sampling and for the size of batches for testing; and

(b) A requirement that an independent testing laboratory provide the results of the testing directly to the Department in a manner prescribed by the Department.

5. *As used in this section:*

(a) "Independent testing laboratory" means a facility certified as an independent testing laboratory pursuant to NRS 453A.368.

(b) "Intended for human consumption" means intended for ingestion or inhalation by a human or for topical application to the skin or hair of a human.

Sec. 20. *1. The Department may refuse to issue or renew, suspend or revoke the registration of a grower, handler or producer for a violation of any provision of sections 2 to 21, inclusive, of this act, the regulations adopted pursuant thereto or any lawful order of the Department.*

2. In addition to any other penalty provided by law, the Department may impose an administrative fine on any person who violates any of the provisions of sections 2 to 21, inclusive, of this act, the regulations adopted pursuant thereto or any lawful order of the Department in an amount not to exceed \$2,500.

3. All fines collected by the Department pursuant to subsection 2 must be deposited with the State Treasurer for credit to the State General Fund.

Sec. 21. *Any person who grows or handles industrial hemp or produces agricultural hemp seed without being registered with the Department pursuant to section 12 of this act is guilty of a misdemeanor and shall be punished by imprisonment in the county jail for not more than 6 months, or by a fine of not more than \$1,000, or by both fine and imprisonment. The prosecuting attorney and the Department may recover the costs of the proceeding, including investigative costs and attorney's fees, against a person convicted of a misdemeanor pursuant to this section.*

Sec. 22. NRS 557.010 is hereby amended to read as follows:

557.010 As used in ~~this chapter,~~ *NRS 557.010 to 557.080, inclusive*, unless the context otherwise requires, the words and terms



defined in NRS 557.020 to 557.060, inclusive, have the meanings ascribed to them in those sections.

Sec. 23. NRS 557.080 is hereby amended to read as follows:

557.080 The State Board of Agriculture may adopt regulations to carry out the provisions of ~~this chapter,~~ **NRS 557.010 to 557.080, inclusive,** including, without limitation, regulations necessary to:

1. Establish and carry out an agricultural pilot program;
2. Provide for the certification and registration of sites used for growing or cultivating industrial hemp; and
3. Restrict or prohibit the use or processing of industrial hemp for the creation, manufacture, sale or use of cannabidiol or any compound, salt, derivative, mixture or preparation of cannabidiol.

Sec. 24. NRS 453A.352 is hereby amended to read as follows:

453A.352 1. The operating documents of a medical marijuana establishment must include procedures:

- (a) For the oversight of the medical marijuana establishment; and
- (b) To ensure accurate recordkeeping, including, without limitation, the provisions of NRS 453A.354 and 453A.356.

2. Except as otherwise provided in this subsection, a medical marijuana establishment:

(a) That is a medical marijuana dispensary must have a single entrance for patrons, which must be secure, and shall implement strict security measures to deter and prevent the theft of marijuana and unauthorized entrance into areas containing marijuana.

(b) That is not a medical marijuana dispensary must have a single secure entrance and shall implement strict security measures to deter and prevent the theft of marijuana and unauthorized entrance into areas containing marijuana.

➔ The provisions of this subsection do not supersede any state or local requirements relating to minimum numbers of points of entry or exit, or any state or local requirements relating to fire safety.

3. A medical marijuana establishment is prohibited from acquiring, possessing, cultivating, manufacturing, delivering, transferring, transporting, supplying or dispensing marijuana for any purpose except to:

(a) Directly or indirectly assist patients who possess valid registry identification cards; and

(b) Assist patients who possess valid registry identification cards or letters of approval by way of those patients' designated primary caregivers.



↳ For the purposes of this subsection, a person shall be deemed to be a patient who possesses a valid registry identification card or letter of approval if he or she qualifies for nonresident reciprocity pursuant to NRS 453A.364.

4. All cultivation or production of marijuana that a cultivation facility carries out or causes to be carried out must take place in an enclosed, locked facility at the physical address provided to the Division during the registration process for the cultivation facility. Such an enclosed, locked facility must be accessible only by medical marijuana establishment agents who are lawfully associated with the cultivation facility, except that limited access by persons necessary to perform construction or repairs or provide other labor is permissible if such persons are supervised by a medical marijuana establishment agent.

5. A medical marijuana dispensary and a cultivation facility may acquire usable marijuana or marijuana plants from a person who holds a valid registry identification card, including, without limitation, a designated primary caregiver. Except as otherwise provided in this subsection, the patient or caregiver, as applicable, must receive no compensation for the marijuana. A patient who holds a valid registry identification card, and the designated primary caregiver of such a patient, or the designated primary caregiver of a person who holds a letter of approval may sell usable marijuana to a medical marijuana dispensary one time and may sell marijuana plants to a cultivation facility one time.

6. A medical marijuana establishment shall not allow any person to consume marijuana on the property or premises of the establishment.

7. Medical marijuana establishments are subject to reasonable inspection by the Division at any time, and a person who holds a medical marijuana establishment registration certificate must make himself or herself, or a designee thereof, available and present for any inspection by the Division of the establishment.

8. A facility for the production of edible marijuana products or marijuana-infused products and a medical marijuana dispensary may acquire industrial hemp, as defined in section 8 of this act, from a grower or handler registered by the State Department of Agriculture pursuant to sections 2 to 21, inclusive, of this act. A facility for the production of edible marijuana products or marijuana-infused products may use industrial hemp to manufacture edible marijuana products and marijuana-infused products. A medical marijuana dispensary may dispense industrial



hemp and edible marijuana products and marijuana-infused products manufactured using industrial hemp.

Sec. 25. NRS 453A.370 is hereby amended to read as follows:

453A.370 The Division shall adopt such regulations as it determines to be necessary or advisable to carry out the provisions of NRS 453A.320 to 453A.370, inclusive. Such regulations are in addition to any requirements set forth in statute and must, without limitation:

1. Prescribe the form and any additional required content of registration and renewal applications submitted pursuant to NRS 453A.322 and 453A.332.

2. Set forth rules pertaining to the safe and healthful operation of medical marijuana establishments, including, without limitation:

(a) The manner of protecting against diversion and theft without imposing an undue burden on medical marijuana establishments or compromising the confidentiality of the holders of registry identification cards and letters of approval.

(b) Minimum requirements for the oversight of medical marijuana establishments.

(c) Minimum requirements for the keeping of records by medical marijuana establishments.

(d) Provisions for the security of medical marijuana establishments, including, without limitation, requirements for the protection by a fully operational security alarm system of each medical marijuana establishment.

(e) Procedures pursuant to which medical marijuana dispensaries must use the services of an independent testing laboratory to ensure that any marijuana, edible marijuana products and marijuana-infused products sold by the dispensaries to end users are tested for content, quality and potency in accordance with standards established by the Division.

(f) Procedures pursuant to which a medical marijuana dispensary will be notified by the Division if a patient who holds a valid registry identification card or letter of approval has chosen the dispensary as his or her designated medical marijuana dispensary, as described in NRS 453A.366.

(g) Minimum requirements for industrial hemp, as defined in section 8 of this act, which is used by a facility for the production of edible marijuana products or marijuana-infused products to manufacture edible marijuana products or marijuana-infused products or dispensed by a medical marijuana dispensary.



3. Establish circumstances and procedures pursuant to which the maximum fees set forth in NRS 453A.344 may be reduced over time:

(a) To ensure that the fees imposed pursuant to NRS 453A.344 are, insofar as may be practicable, revenue neutral; and

(b) To reflect gifts and grants received by the Division pursuant to NRS 453A.720.

4. Set forth the amount of usable marijuana that a medical marijuana dispensary may dispense to a person who holds a valid registry identification card, including, without limitation, a designated primary caregiver, in any one 14-day period. Such an amount must not exceed the limits set forth in NRS 453A.200.

5. As far as possible while maintaining accountability, protect the identity and personal identifying information of each person who receives, facilitates or delivers services in accordance with this chapter.

6. In cooperation with the Board of Medical Examiners and the State Board of Osteopathic Medicine, establish a system to:

(a) Register and track attending physicians who advise their patients that the medical use of marijuana may mitigate the symptoms or effects of the patient's medical condition;

(b) Insofar as is possible, track and quantify the number of times an attending physician described in paragraph (a) makes such an advisement; and

(c) Provide for the progressive discipline of attending physicians who advise the medical use of marijuana at a rate at which the Division and Board determine and agree to be unreasonably high.

7. Establish different categories of medical marijuana establishment agent registration cards, including, without limitation, criteria for training and certification, for each of the different types of medical marijuana establishments at which such an agent may be employed or volunteer or provide labor as a medical marijuana establishment agent.

8. Provide for the maintenance of a log by the Division of each person who is authorized to cultivate, grow or produce marijuana pursuant to subsection 6 of NRS 453A.200. The Division shall ensure that the contents of the log are available for verification by law enforcement personnel 24 hours a day.

9. Address such other matters as may assist in implementing the program of dispensation contemplated by NRS 453A.320 to 453A.370, inclusive.

Sec. 26. 1. This act becomes effective on July 1, 2017.



2. Sections 13 and 14 of this act expire by limitation on the date on which the provisions of 42 U.S.C. § 666 requiring each state to establish procedures under which the state has authority to withhold or suspend, or to restrict the use of professional, occupational and recreational licenses of persons who:

(a) Have failed to comply with a subpoena or warrant relating to a proceeding to determine the paternity of a child or to establish or enforce an obligation for the support of a child; or

(b) Are in arrears in the payment for the support of one or more children,

→ are repealed by the Congress of the United States.

