Minorities for Medical Marijuana and Banks & Company – Sow The Land Hemp Symposium – Hemp at the Federal & State Government Levels

What is our Governmental System
How does the development of public policy actually work?
What is the intersectionality between Federal and State Government
Federal & State Oversight of Marijuana and Hemp
Federal Regulatory Agencies – Hemp (Primary)
USDA is an equal opportunity provider, employer, and lender.
Federal Regulatory Agencies – Hemp (Secondary)
Federal Legislation – What is the Farm Bill?

The farm bill is a package of legislation passed roughly once every five years that has a tremendous impact on farming livelihoods, how food is grown, and what kinds of foods are grown. Covering programs ranging from crop insurance for farmers to healthy food access for low-income families, from beginning farmer training to support for sustainable farming practices, the farm bill sets the stage for our food and farm systems. As a leading advocate for family farmers and sustainable agriculture, it’s our job to make sure that this important bill is good for farmers, consumers, and for the natural environment.

Every five years, the farm bill expires and is updated: it goes through an extensive process where it is proposed, debated, and passed by Congress and is then signed into law by the President. Each farm bill has a unique title, and the current farm bill is called the Agriculture Improvement Act of 2018. It was enacted into law in December 2018 and expires in 2023.

The original farm bill(s) were enacted in three stages during the 1930s as part of President Franklin Delano Roosevelt’s New Deal legislation. Its three original goals – to keep food prices fair for farmers and consumers, ensure an adequate food supply, and protect and sustain the country’s vital natural resources – responded to the economic and environmental crises of the Great Depression and the Dust Bowl. While the farm bill has changed in the last 70 years, its primary goals are the same.
Federal Legislation – Hemp Legalization via 2018 Farm Bill

2018 Farm Bill Effect

Under the 2018 Farm Bill, hemp has been removed from the Controlled Substances Act (CSA) and is now considered an agricultural product.

- Hemp-derived CBD is legal
- Hemp farmers can apply for crop insurance
- Banks will be willing to work with hemp companies
- Hemp industry growth
  - Hemp-derived CBD product sales: 2018 $1 million, 2022 $430 million
  - $1.3 billion by 2022

New Frontier data © 2018 New Frontier Data | Source: Hemp Business Journal
Federal Government – Congressional Legislative Process - Appropriations
Federal Government – Congressional Legislative Process - Appropriations
Federal Regulatory Budget – USDA Budget Authority & Outlays

Figure OV-1. USDA New Budget Authority

Figure OV-2. USDA 2023 Outlays
Federal Regulatory Budget – USDA
Budget Outlay Categories

Figure OV-3. 2023 Mandatory and Discretionary Outlays (All Other includes Rural Development, Research, Food Safety, Marketing and Regulatory, and Departmental Management.)

- Nutrition Assistance: 70%
- Farm, Conservation, and Commodity Programs: 14%
- Forestry: 5%
- All Other: 11%
Federal Government – Congressional Legislative Process – Policy Bill

The Path to a New Farm Bill

1. Each Agriculture Committee drafts, amends, and votes on its own version of the bill.
2. Each full chamber (“the floor”) debates, amends, and votes on the bill from its respective committee.
3. Leaders from the House and Senate, including committee chairs, form a conference committee to combine the bills.
4. The full chambers (“the floor”) vote on the combined final bill.
5. The final bill is sent to the White House for the President’s signature.
Federal Legislation – Hemp Provisions in 2018 Farm Bill

2018 Farm Bill – Hemp Specific Sections
TITLE VII — Research
Sec. 7125 Supplemental and Alternative Crops; Hemp
☐ Reauthorizes a research project for supplemental and alternative crops including canola and hemp.

Sec. 7401 Critical Agricultural Materials Act
☐ Reauthorizes the Critical Agricultural Materials Act, and includes hemp as an eligible product.

Sec. 7415 Legitimacy of Industrial Hemp Research
☐ Requires the Secretary to conduct a study and report on the economic viability of the domestic production and sale of industrial hemp.

TITLE X — Horticulture
Sec. 10111 Hemp Product
☐ Amends the Agricultural Marketing Act of 1946 to allow states to regulate hemp growth and production, based on a state or tribal plan that includes information on locations of hemp production, testing for THC concentration, disposal of plants that are out of compliance, and negligence or other violations of the state or tribal plan.
☐ Requires states and tribes without USDA approved plans to follow federal laws and regulations promulgated by USDA on hemp production.

Sec. 10112 Rule of Construction
☐ Clarifies that nothing in this title authorizes interference with the interstate commerce of hemp.

2018 Farm Bill – Hemp Specific Sections
TITLE XI — Crop Insurance
Sec. 11101 Definitions
☐ Defines cover crop termination and defines hemp as used in section 297A of the Agricultural Marketing Act of 1946.

Sec. 11106 Insurance period
☐ Amends section 508(a)(2) of the Federal Crop Insurance Act by adding hemp.

Sec. 11112 Submission of policies and materials to board.
☐ Amends section 508(b) of the Federal Crop Insurance Act to allow the Corporation to waive the viability and marketability requirement in the case of a policy or pilot program relating to the production of hemp.

Sec. 11119 Agricultural commodity
☐ Amends section 518 of the Federal Crop Insurance Act by adding hemp.

Sec. 11121 Reimbursement of research, development, and maintenance costs
☐ Amends section 9220(b) of the Federal Crop Insurance Act to allow the Board and Corporation to waive the viability and marketability requirements in the case of research and development relating to a policy to insure the production of hemp.
<table>
<thead>
<tr>
<th>Bill Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.R.6645</td>
<td>Hemp Advancement Act of 2022</td>
</tr>
<tr>
<td>H.R.4521</td>
<td>United States Innovation and Competition Act of 2021 – Hemp related</td>
</tr>
<tr>
<td>S.1698</td>
<td>Hemp Access and Consumer Safety Act – Hemp related</td>
</tr>
<tr>
<td>S.2599</td>
<td>Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2022 – Hemp related</td>
</tr>
<tr>
<td>H.R.2528</td>
<td>DAIRY PRIDE Act – Hemp related</td>
</tr>
<tr>
<td>S.1346</td>
<td>DAIRY PRIDE Act – Hemp related</td>
</tr>
<tr>
<td>S.1005</td>
<td>HEMP Act of 2021 - Hemp Economic Mobilization Plan Act of 2021</td>
</tr>
<tr>
<td>H.R.841</td>
<td>Hemp and Hemp-Derived CBD Consumer Protection and Market Stabilization Act of 2021</td>
</tr>
<tr>
<td>H.R.6134</td>
<td>CBD Product Safety and Standardization Act of 2021</td>
</tr>
</tbody>
</table>
Federal Hemp Legislation – Key Legislative Committees – M4MM Focus for 2023 Farm Bill

**Regulations for Hemp farming, Hemp production, Commercial Hemp product development, import and export of Hemp products**

House Committee on Agriculture – policy committee

Senate Committee on Agriculture, Nutrition and Forestry – policy committee

Senate Committee on Indian Affairs – policy committee

House Committee on Appropriations Sub-Committee on Agriculture, Rural Development, FDA and Senate Committee on Appropriations, Subcommittee on Agriculture, Rural Development, Food and Drug Administration – budget allocation committee, how Federal dollars are spent in support of the Hemp sector and regulatory activities

House Committee on Appropriations Sub-Committee on Energy and Water Development and Senate Committee on Appropriations, Subcommittee on Energy and Water Development – budget allocations committee, monies allocated to finance or support farming activities that cover water access issues and potential clean energy financing or grant support for Hemp farmers
Banking for Marijuana related businesses, Hemp licensed businesses and creating opportunities for Minority depository institutions to do business with Marijuana related businesses and Hemp licensed businesses:

Treasury Department regulatory committees – The Treasury department is responsible for banking rules that impact Marijuana related businesses and Hemp licensed businesses. Marijuana is illegal federally, but the Department of Treasury created rules to govern banking services for marijuana related businesses. These committees include:

Policy Committees
- House Committee Financial Services – policy committee
- Senate Committee on Banking, Housing & Urban Affairs – policy committee
- Senate Committee on Finance – policy committee

House Committee on Appropriations - budget allocations committee
- Subcommittee on Commerce Justice, Science
- Subcommittee on Financial Services & General Government

Senate Committee on Appropriations - budget allocations committee
- Subcommittee on Financial Services and General Government
- Subcommittee on Interior, Environment, and Related Agencies
AGENCY:
Agricultural Marketing Service, Department of Agriculture (USDA).

ACTION:
Final rule.

SUMMARY:
This final rule supersedes the interim final rule that established the Domestic Hemp Production Program, as mandated by the Agriculture Improvement Act of 2018 (2018 Farm Bill). This rule includes regulations used by the Department of Agriculture (USDA) to approve plans submitted by States and Indian Tribes for the domestic production of hemp. This rule also includes regulations on the Federal hemp production plan for producers in States or territories of Indian Tribes that do not have their own USDA-approved plans. The program provides requirements for maintaining records about the land where hemp is produced, testing the levels of total delta-9 tetrahydrocannabinol, disposing of non-compliant plants, licensing hemp producers, and ensuring compliance under the new program.

DATES:
This rule is effective March 22, 2021.
MODERN USES FOR THE HEMP PLANT

INDUSTRIAL TEXTILES
Twine
Rope
Nets
Canvas
Tarps
Carpets
Agro-fiber
Composites & molded Parts
Brake/Clutch Lining
Caulking

CONSUMER TEXTILES
Apparel
Diapers
Fabrics
Handbags
Denim
Sheets
Fine Fabrics

AGRICULTURAL BENEFITS
Weed Suppression
Less need for pesticides than most crops
Pollen isolation
Soil improvement in crop rotation
Deep roots are natural soil aerators

LEAVES
Hurd (pulp)
Best Fibers

FLOWERS
Hempseed Oil

SEEDS
Seed Cake (whole plant)
Boiler Fuel
Pyrolysis Feedstock

Hemp

CELL FLUID

BUILDING MATERIALS
Fiberboard
Insulation
Fiberglass Substitute
Cement
Stucco & Mortar
Animal bedding
Mulch & Compost
THC
Medicine
Recreation
Sacrament

FOODS
Salad Oil
Margarine
Food Supplements (vitamins)
Cooking Oils

INDUSTRIAL PRODUCTS
Oil Paints
Varnishes
Printing inks
Fuel
Solvents
Lubricants
Putty
Coatings

PERSONAL HYGIENE
Soap
Shampoo
Bath Gel
Cosmetics

FOODS
Granola
Birdseed

Animal feed
Protein-rich fiber

Federal Regulatory Agency – Hemp Product Applications
US & Global Hemp Market Opportunity
Federal Regulatory Agency – USDA Agricultural Exporting

U.S. jobs supported by agricultural exports, 2020

U.S. agricultural exports $150 billion

162,100
Food processing

Total U.S. jobs supported by agricultural exports 1,133,200

107,700
Other manufacturing

423,900
Services, trade, and transportation

439,500
Farm activities

Notes: One full person icon equals 50,000 jobs supported. The icons depicting transport and export represent some of the various modes used.
Source: USDA, Economic Research Service, Agricultural Trade Multiplier
Federal
Regulatory
Relationship to
State Regulatory
Adoption –
Hemp Acreage
Planted - 2021

Industrial hemp acreage by state

Source: U.S. Department of Agriculture (2021)
Graphic by Noah Wicks
# Government Powers in a Federal Structure

## Federal/National Government Powers
- **Enumerated/Written/Delegated Powers**
  - Coin Money & Punish Counterfeiting
  - Regulate Interstate Commerce & Foreign Trade
  - Conduct Foreign Affairs
  - Establish Rules of Naturalization/Immigration
  - Establish Copyright & Patent Laws
  - Regulate the Postal System
  - Establish a Court System
  - Declare War & Raise/Support National Military

## Concurrent/Shared Powers
- Levy & Collect Taxes
- Borrow Money
- Make & Enforce Laws
- Establish Courts
- Charter Banks & Corporations
- Take Property for Public Use (eminent domain)
- Connect Roads & Infrastructure

## Prohibited/Denied Powers
- Tax State Exports & Change State Boundaries
- Violete Bill of Rights & Deny Due Process
- Suspend Habeas Corpus (except national emergency)
- Bills of Attainder
- Ex Post Facto Laws
- Confer Titles of Nobility

## Implied/Inherent Powers
- Make “Necessary and Proper” Laws to Carry Out Enumerated Powers
- Powers Not Explicitly Written/Implicit

## State Government Powers
- **Reserved Powers**
  - Regulate Intrastate Commerce
  - Conduct Elections
  - Provide for Public Health, Safety, Welfare & Morals
  - Establish Local Governments
  - Maintain Militia (National Guard)
  - Ratify Amendments to the Constitution

## Prohibited/Denied Powers
- Tax Imports & Exports
- Coin Money
- Enter Into Treaties with Foreign Nations
- Impair Obligation of Contracts
- Abridge Privileges & Immunities of Citizens
- Deny Due Process and Equal Protection of the Law

## Implied/Inherent Powers
- Powers Not Explicitly Written/Implicit
This table summarizes the submission and approval status of State and Tribal hemp production plans. Once a plan is formally submitted, USDA has 60 days to approve or disapprove the plan. Once a plan is approved by USDA, it remains in effect unless suspended or revoked by USDA pursuant to the procedures described in the Final Rule, or unless the State or Tribe revises their plan and resubmits it for USDA approval.

<table>
<thead>
<tr>
<th>State</th>
<th>Citation</th>
<th>Summary</th>
</tr>
</thead>
</table>
<pre><code>              |                                                                  | - This chapter shall expire if the secretary of agriculture of the Commonwealth determines a federal agency is authorized to regulate hemp.       |
</code></pre>
| Rhode Island     | R.I. Gen. Laws 5 2-26-1 to 2-26-9 (2016)                        | - Establishes a commercial hemp program overseen by the Department of Business Regulation.                                            
                  |                                                                  |   - Allows the Division of Agriculture in the Department of Environmental Management to assist the Department of Business Regulation in regulating hemp. |
                  |                                                                  |   - Growers must verify they are using certified seeds.                                                                              |
                  |                                                                  |   - The department shall authorize institutions of higher education to grow hemp for research purposes.                              |
State Implementation of Federal Statutory Law & Regulatory Rules - Hemp