



Reprinted  
March 2, 2018

---

---

# ENGROSSED HOUSE BILL No. 1137

---

DIGEST OF HB 1137 (Updated March 1, 2018 2:52 pm - DI 132)

**Citations Affected:** Noncode.

**Synopsis:** Study of industrial hemp. Urges the legislative council to assign to an appropriate interim study committee the task of studying the regulation of industrial hemp and industrial hemp products.

**Effective:** Upon passage.

---

---

## Lucas, Eberhart, Judy, Goodin

(SENATE SPONSORS — HEAD, DORIOT, MESSMER, STOOPS,  
RANDOLPH LONNIE M, TALLIAN)

---

---

January 9, 2018, read first time and referred to Committee on Agriculture and Rural Development.

January 25, 2018, amended, reported — Do Pass.

January 30, 2018, read second time, amended, ordered engrossed.

January 31, 2018, engrossed. Read third time, passed. Yeas 90, nays 0.

### SENATE ACTION

February 1, 2018, read first time and referred to Committee on Commerce and Technology.

February 19, 2018, amended, reported favorably — Do Pass.

March 1, 2018, read second time, amended, ordered engrossed.

---

---

EH 1137—LS 7052/DI 129





Reprinted  
March 2, 2018

Second Regular Session of the 120th General Assembly (2018)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2017 Regular Session of the General Assembly.

## ENGROSSED HOUSE BILL No. 1137

---

A BILL FOR AN ACT concerning agriculture.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. [EFFECTIVE UPON PASSAGE] (a) As used in this  
2 SECTION, "industrial hemp" means:  
3 (1) all nonseed parts and varieties of the Cannabis sativa  
4 plant, including resins, whether growing or not, that contain  
5 a crop wide average tetrahydrocannabinol (THC)  
6 concentration that does not exceed three-tenths of one percent  
7 (0.3%) on a dry weight basis; or  
8 (2) any Cannabis sativa seed that is:  
9 (A) part of a growing crop;  
10 (B) retained by a grower for future planting; or  
11 (C) for processing into, or use as, agricultural hemp seed.  
12 (b) As used in this SECTION, "industrial hemp product" means  
13 any product that is derived from or contains derivatives of  
14 industrial hemp that is cultivated in:  
15 (1) Indiana; or  
16 (2) another jurisdiction.

EH 1137—LS 7052/DI 129



1       **The term includes, without limitation, raw oils and fibers, food and**  
2       **supplement products, cosmetics, construction materials, hurds,**  
3       **products containing cannabinoids regardless of concentration, and**  
4       **any other product derived from industrial hemp as defined in this**  
5       **chapter.**

6       **(c) The legislative council is urged to assign to an appropriate**  
7       **interim study committee the task of studying the regulation of**  
8       **industrial hemp and industrial hemp products.**

9       **(d) If the task described in subsection (c) is assigned to an**  
10       **interim study committee, the committee:**

11           **(1) may not study legalizing medical marijuana; and**

12           **(2) shall consider the following:**

13                   **(A) The methods, tools, and resources necessary to**  
14                   **regulate industrial hemp and industrial hemp products.**

15                   **(B) The federal laws related to industrial hemp and**  
16                   **industrial hemp products and what is permissible under**  
17                   **federal law.**

18                   **(C) A comparison of other states that regulate industrial**  
19                   **hemp and industrial hemp products, including a study of**  
20                   **the effectiveness of the statutory regulation of those states.**

21                   **(D) The necessary costs and staff required to regulate**  
22                   **industrial hemp and industrial hemp products.**

23                   **(E) The criminal penalties necessary to regulate industrial**  
24                   **hemp and industrial hemp products.**

25       **(e) This SECTION expires January 1, 2019.**

26       **SECTION 2. An emergency is declared for this act.**



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture and Rural Development, to which was referred House Bill 1137, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, delete lines 6 through 9 and insert **""industrial hemp product" means any product that is derived from or contains derivatives of industrial hemp that is cultivated in:**

**(1) Indiana; or**

**(2) another jurisdiction.**

**The term includes, without limitation, raw oils and fibers, food and supplement products, cosmetics, construction materials, hurds, products containing cannabinoids regardless of concentration, and any other product derived from industrial hemp as defined in this chapter."**

Page 7, delete lines 7 through 16.

Page 7, delete line 28.

Page 8, line 9, after "IC 15-15-13-6);" insert **"or"**.

Page 8, line 11, delete "IC 15-15-13-6.5); or" and insert **"IC 15-15-13-6.5)."**

Page 8, delete line 12.

Page 8, delete line 20.

Page 8, delete line 28.

Page 9, line 3, after "IC 15-15-13-6);" insert **"or"**.

Page 9, line 5, delete "IC 15-15-13-6.5); or" and insert **"IC 15-15-13-6.5)."**

Page 9, delete line 6.

Page 10, line 2, delete "cannabidiol," and insert **"an industrial hemp product,"**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1137 as introduced.)

LEHE

Committee Vote: yeas 12, nays 0.



## HOUSE MOTION

Mr. Speaker: I move that House Bill 1137 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 15-11-15 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 15. Industrial Hemp and Industrial Hemp Products**

**Sec. 1. (a) The department shall administer this chapter.**

**(b) This chapter authorizes the department to establish an agricultural pilot program under the federal Agricultural Act of 2014, as amended, to study the growth, cultivation, and marketing of industrial hemp and industrial hemp products.**

**Sec. 2. (a) Nothing in this chapter authorizes any person to violate any federal law or regulation.**

**(b) This chapter does not apply to IC 15-15-13.**

**(c) IC 15-15-13 does not apply to this chapter.**

**Sec. 3. As used in this chapter, "agricultural hemp seed" means Cannabis sativa seed that meets any labeling, quality, and other standards set by the department and that is intended for sale or is sold to, or purchased by, licensed growers for planting.**

**Sec. 4. As used in this chapter, "board" means the industrial hemp commodities review board established under section 10 of this chapter.**

**Sec. 5. As used in this chapter, "crop" means any industrial hemp grown under a single license.**

**Sec. 6. As used in this chapter, "grower" means:**

- (1) an individual, a partnership, a company, or a corporation that produces industrial hemp for commercial purposes; or**
- (2) a person, as part of an industrial hemp research program conducted by the department.**

**Sec. 7. As used in this chapter, "handler" means an individual, a partnership, a company, or a corporation that receives industrial hemp for scientific research, or for processing into commodities, products, or agricultural hemp seed.**

**Sec. 8. As used in this chapter, "industrial hemp" has the meaning set forth in IC 15-15-13-6.**

**Sec. 9. As used in this chapter, "industrial hemp product" means any product that is derived from or contains derivatives of industrial hemp that is cultivated in:**

- (1) Indiana; or**

**EH 1137—LS 7052/DI 129**



**(2) another jurisdiction.**

The term includes, without limitation, raw oils and fibers, food and supplement products, cosmetics, construction materials, hurds, products containing cannabinoids regardless of concentration, and any other product derived from industrial hemp as defined in this chapter.

**Sec. 10. (a) The industrial hemp commodities review board is established.**

**(b) The board consists of the following members:**

**(1) The voting members consist of the following:**

**(A) The director or the director's designee, who shall serve as the chair of the board.**

**(B) One (1) member who is a farmer and resident of Indiana with at least ten (10) years of experience in agronomic production, who is appointed by the governor.**

**(C) One (1) member who is a representative of a statewide farming organization, who is appointed by the governor.**

**(D) One (1) member who is a representative of an industrial hemp industries organization, who is appointed by the governor.**

**(E) One (1) member who is an agricultural commodity handler or processor and resident of Indiana, who is appointed by the governor.**

**(2) The nonvoting members consist of the following:**

**(A) The dean of the school of agriculture of a state university, or the dean's designee, who is appointed by the governor.**

**(B) The president pro tempore of the senate, the minority floor leader of the senate, the speaker of the house of representatives, and the minority floor leader of the house of representatives shall each appoint one (1) member.**

**(c) The term of office of a member of the board who is appointed by the governor is four (4) years. The term of a member of the board begins on July, 1, but a member continues to serve after expiration of the appointment until a successor is appointed and qualified. Members of the board appointed under subsection (b)(2)(B) serve at the pleasure of the appointing authority. Members of the board may be appointed for successive terms.**

**(d) Members appointed by the governor may be removed by the governor for cause.**

**(e) A majority of the board is required for the board to conduct a meeting. A majority of the voting members are required for the**



board to make any recommendation.

(f) The board shall provide recommendations to the department concerning the implementation and administration of this chapter, including proposed rules, procedures, and fees.

(g) Notwithstanding subsection (c), the following members' initial terms are as follows:

- (1) A member appointed under subsection (b)(1)(B) or (b)(2)(A) serves for a term of four (4) years.
- (2) A member appointed under subsection (b)(1)(C) serves for a term of three (3) years.
- (3) A member appointed under subsection (b)(1)(D) serves for a term of two (2) years.
- (4) A member appointed under subsection (b)(1)(E) serves for a term of one (1) year.

This subsection expires July 1, 2022.

Sec. 11. (a) The production of, possession of, scientific study of, marketing of, and commerce in industrial hemp is authorized in Indiana. Industrial hemp is an agricultural product that is subject to regulation by the department. The department shall adopt rules to oversee the licensing, production, and management of:

- (1) industrial hemp; and
- (2) agricultural hemp seed;

to ensure integrity of audits and security of field sites of each commodity.

(b) All growers and handlers must have an industrial hemp license issued by the department. Growers and handlers engaged in the production of agricultural hemp seed must also have an agricultural hemp seed production license.

(c) An application for an industrial hemp license or agricultural hemp seed production license must include the following:

- (1) The name and address of the applicant.
- (2) The name and address of the industrial hemp operation of the applicant.
- (3) The global positioning system coordinates and legal description of the property used for the industrial hemp operation.
- (4) If the industrial hemp license or agricultural hemp seed production license application is made by a grower, the acreage size of the field where the industrial hemp will be grown.
- (5) A statement signed by the applicant, under penalty of perjury, that the person applying for the industrial hemp



license or agricultural hemp seed production license has not been convicted of a drug related felony or misdemeanor in the previous ten (10) years.

(6) A written consent allowing the state police department to conduct a state or national criminal history background check.

(7) A written consent allowing the state police department, if a license is issued to the applicant, to enter the premises on which the industrial hemp is grown to conduct physical inspections of industrial hemp planted and grown by the applicant, and to ensure the plants meet the definition of industrial hemp as set forth in section 8 of this chapter. Not more than two (2) physical inspections may be conducted under this subdivision per year, unless a valid search warrant for an inspection has been issued by a court of competent jurisdiction.

(8) A nonrefundable application fee, which must include the amount necessary to conduct a state or national criminal history background check, in an amount determined by the department.

(9) Any other information required by the department.

(d) If a grower or handler wishes to alter property on which the grower or handler plans to conduct:

(1) industrial hemp cultivation; or

(2) research and development growth operations;

the grower or handler is required to submit to the department an updated legal description of the property, including the property's global positioning system location and a map that specifies the proposed alterations to the property.

Sec. 12. (a) Each license application received under this chapter must be processed as follows:

(1) Upon receipt of a license application, the department shall forward a copy of the application to the state police department. The state police department shall do the following:

(A) Perform a state or national criminal history background check of the applicant.

(B) Determine if the requirements under section 11(c)(5) of this chapter concerning prior criminal convictions have been met.

(C) Return the application to the department along with the state police department's determinations and a copy of



the state or national criminal history background check.

(2) The department shall review the license application returned from the state police department.

(b) If the department determines that all the requirements under this chapter have been met and that a license should be granted to the applicant, the department shall approve the application for issuance of a license.

(c) An industrial hemp license or agricultural hemp seed production license is valid for a one (1) year term unless revoked. An industrial hemp license or agricultural hemp seed production license may be renewed in accordance with rules adopted by the department and is nontransferable.

Sec. 13. (a) An agricultural hemp seed production license issued under this chapter authorizes a grower or handler to produce and handle agricultural hemp seed for sale to licensed industrial hemp growers and handlers. A seller of agricultural hemp seed shall ensure that the seed complies with any standards set by the department. The department shall make available to growers information that identifies sellers of agricultural hemp seed.

(b) All growers and handlers must keep records in accordance with rules adopted by the department. Upon at least three (3) days notice, the department may audit the required records during normal business hours. The department may conduct an audit for the purpose of ensuring compliance with:

- (1) this chapter;
- (2) rules adopted by the department; or
- (3) industrial hemp license or agricultural hemp seed production license requirements, terms, and conditions.

(c) In addition to an audit conducted in accordance with subsection (b), the department may inspect any industrial hemp crop during the crop's growth phase and take a representative composite sample for field analysis. If a crop contains an average tetrahydrocannabinol (THC) concentration exceeding three-tenths of one percent (0.3%) on a dry weight basis, the department may detain, seize, or embargo the crop.

Sec. 14. The amount of any fees charged growers and handlers by the department under this chapter must be sufficient to cover the cost of the administration of this chapter, including the cost of conducting audits and testing.

Sec. 15. (a) Only an industrial hemp licensee, the licensee's designee, or the licensee's agents may be permitted to transport industrial hemp off a production site. When transporting industrial



hemp off the production site, the industrial hemp licensee, designee, or agent shall have in the licensee's, designee's, or agent's possession the licensing documents from the department evidencing that the industrial hemp is from certified seed produced by a licensed grower or that the industrial hemp products are manufactured by a licensed handler and are derived from industrial hemp from certified seed produced by a licensed grower.

(b) Except as provided in subsection (a), a person may process, manufacture, possess, transport, sell, distribute, buy, or otherwise use industrial hemp or industrial hemp products if the industrial hemp was planted, grown, cultivated, harvested, and processed by persons licensed under this chapter or by persons in another jurisdiction according to the laws of that jurisdiction. A person who engages in an activity under this subsection is not subject to a civil or criminal action or penalty under state law.

**Sec. 16.** The department is responsible for the following:

- (1) Monitoring the industrial hemp grown by any license holder.
- (2) Conducting random testing of the industrial hemp for compliance with tetrahydrocannabinol (THC) levels.
- (3) Establishing necessary testing criteria and protocols.
- (4) Establishing the minimum number of acres to be planted under each license issued under this chapter.

**Sec. 17. (a)** In addition to any other liability or penalty provided by law, the department may revoke or refuse to issue or renew an industrial hemp license or an agricultural hemp seed production license and may impose a civil penalty for a violation of:

- (1) a license requirement;
- (2) license terms or conditions; or
- (3) a rule relating to growing or handling industrial hemp.

(b) The department may not impose a civil penalty under this section that exceeds two thousand five hundred dollars (\$2,500).

(c) The department may revoke or refuse to issue or renew an industrial hemp license or an agricultural hemp seed production license for a violation of any rule of the department that pertains to agricultural operations or activities other than industrial hemp growing or handling.

(d) Notwithstanding any other law, a person who complies with the requirements of this chapter is not subject to any civil action or criminal proceeding for engaging in an activity allowed under this chapter.

**Sec. 18.** The department shall adopt rules under IC 4-22-2 to



**implement and administer this chapter.**

**Sec. 19. Notwithstanding any other law, the department:**

**(1) shall adopt rules to implement this chapter before July 1, 2019; and**

**(2) may not issue any license under this chapter until after June 30, 2019.**

**This section expires July 1, 2019.**

SECTION 2. IC 15-15-13-1, AS ADDED BY P.L.165-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. **(a)** Nothing in this chapter authorizes any person to violate any federal law or regulation.

**(b) This chapter does not apply to IC 15-11-15.**

**(c) IC 15-11-15 does not apply to this chapter.**

SECTION 3. IC 15-15-13-3, AS ADDED BY P.L.165-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. As used in this chapter, "crop" means any industrial hemp grown under a single license **issued under this chapter.**

SECTION 4. IC 15-15-13-4, AS ADDED BY P.L.165-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. As used in this chapter, "grower" means:

(1) an individual, a partnership, a company, or a corporation that produces industrial hemp for ~~commercial~~ **scientific research** purposes **in affiliation with a state educational institution (as defined by IC 21-7-13-32);** or

(2) a person, as part of an industrial hemp research program conducted by a state educational institution (as defined by IC 21-7-13-32).

SECTION 5. IC 15-15-13-5, AS ADDED BY P.L.165-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. As used in this chapter, "handler" means an individual, a partnership, a company, or a corporation that receives industrial hemp for scientific research, ~~or for processing into research~~ **concerning industrial hemp based** commodities ~~or~~ products, or agricultural hemp seed."

Page 2, delete lines 3 through 42.

Delete pages 3 through 4.

Page 5, delete lines 1 through 38, begin a new paragraph and insert:

"SECTION 6. IC 15-15-13-7, AS ADDED BY P.L.165-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) Subject to ~~section 15~~ **the requirements** of this chapter, the production of ~~and~~ possession of ~~scientific study~~ of



~~and commerce in industrial hemp for research and scientific study is authorized in Indiana. Industrial hemp is an agricultural product that is subject to regulation by the state seed commissioner. The state seed commissioner shall~~ **may regulate and** adopt rules to ~~oversee the licensing, production, and management of:~~ **concerning:**

- (1) industrial hemp; and
- (2) agricultural hemp seed;

~~to ensure integrity of audits and security of field sites of each commodity.~~ **research and scientific study conducted under this chapter.**

(b) All growers and handlers must have an industrial hemp license issued by the state seed commissioner. Growers and handlers engaged in the production of agricultural hemp seed must also have an agricultural hemp seed production license.

(c) An application for an industrial hemp license or agricultural hemp seed production license must include the following:

- (1) The name and address of the applicant.
- (2) The name and address of the industrial hemp operation of the applicant.
- (3) The global positioning system coordinates and legal description of the property used for the industrial hemp operation.
- (4) If the industrial hemp license or agricultural hemp seed production license application is made by a grower, the acreage size of the field where the industrial hemp will be grown.
- (5) A statement signed by the applicant, under penalty of perjury, that the person applying for the industrial hemp license or agricultural hemp seed production license has not been convicted of a drug related felony or misdemeanor in the previous ten (10) years.
- (6) A written consent allowing the state police department to conduct a state or national criminal history background check.
- (7) A written consent allowing the state police department, if a license is issued to the applicant, to enter the premises on which the industrial hemp is grown to conduct physical inspections of industrial hemp planted and grown by the applicant, and to ensure the plants meet the definition of industrial hemp as set forth in section 6 of this chapter. Not more than two (2) physical inspections may be conducted under this subdivision per year, unless a valid search warrant for an inspection has been issued by a court of competent jurisdiction.
- (8) A nonrefundable application fee, which must include the amount necessary to conduct a state or national criminal history



background check, in an amount determined by the state seed commissioner.

(9) Any other information required by the state seed commissioner."

Page 7, before line 1, begin a new paragraph and insert:

"SECTION 15. IC 34-30-2-57.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 57.5. IC 15-11-15 (Concerning certain activities regarding industrial hemp and industrial hemp products).**"

Page 7, line 22, delete "IC 15-15-13-6.5)." and insert "**IC 15-11-15-9).**"

Page 8, line 4, delete "IC 15-15-13-6.5)." and insert "**IC 15-11-15-9).**"

Page 8, line 11, delete "IC 15-15-13-6.5)." and insert "**IC 15-11-15-9).**"

Page 8, line 18, delete "IC 15-15-13-6.5)." and insert "**IC 15-11-15-9).**"

Page 8, line 36, delete "IC 15-15-13-6.5)." and insert "**IC 15-11-15-9).**"

Renumber all SECTIONS consecutively.

(Reference is to HB 1137 as printed January 26, 2018.)

SIEGRIST

---

COMMITTEE REPORT

Madam President: The Senate Committee on Commerce and Technology, to which was referred House Bill No. 1137, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 7, line 27, delete "may not issue any license under this chapter until after" and insert "**shall issue a license under this chapter after**



**December 31, 2018, to qualified applicants."**

Page 7, delete lines 28 through 29.

and when so amended that said bill do pass.

(Reference is to HB 1137 as reprinted January 31, 2018.)

MESSMER, Chairperson

Committee Vote: Yeas 8, Nays 3.

---

SENATE MOTION

Madam President: I move that Engrossed House Bill 1137 be amended to read as follows:

Delete the title and insert the following:

A BILL FOR AN ACT concerning agriculture.

Page 1, delete lines 1 through 15.

Page 2, delete lines 1 through 18, begin a new paragraph and insert:

"SECTION 1. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "industrial hemp" means:**

**(1) all nonseed parts and varieties of the Cannabis sativa plant, including resins, whether growing or not, that contain a crop wide average tetrahydrocannabinol (THC) concentration that does not exceed three-tenths of one percent (0.3%) on a dry weight basis; or**

**(2) any Cannabis sativa seed that is:**

**(A) part of a growing crop;**

**(B) retained by a grower for future planting; or**

**(C) for processing into, or use as, agricultural hemp seed."**

Page 2, line 19, delete "Sec. 9. As used in this chapter," and insert "**(b) As used in this SECTION,**"

Page 2, delete lines 29 through 42.

Delete pages 3 through 13.

Page 14, delete lines 1 through 34, begin a new paragraph and insert:

**"(c) The legislative council is urged to assign to an appropriate interim study committee the task of studying the regulation of industrial hemp and industrial hemp products.**

**(d) If the task described in subsection (c) is assigned to an interim study committee, the committee:**

**(1) may not study legalizing medical marijuana; and**

EH 1137—LS 7052/DI 129



**(2) shall consider the following:**

**(A) The methods, tools, and resources necessary to regulate industrial hemp and industrial hemp products.**

**(B) The federal laws related to industrial hemp and industrial hemp products and what is permissible under federal law.**

**(C) A comparison of other states that regulate industrial hemp and industrial hemp products, including a study of the effectiveness of the statutory regulation of those states.**

**(D) The necessary costs and staff required to regulate industrial hemp and industrial hemp products.**

**(E) The criminal penalties necessary to regulate industrial hemp and industrial hemp products.**

**(e) This SECTION expires January 1, 2019."**

Renumber all SECTIONS consecutively.

(Reference is to EHB 1137 as printed February 20, 2018.)

HEAD

