



April 8, 2015

ENGROSSED HOUSE BILL No. 1181

DIGEST OF HB 1181 (Updated April 7, 2015 1:53 pm - DI 92)

Citations Affected: IC 15-15; IC 26-3; noncode.

Synopsis: Various agricultural matters. Provides that the seed commissioner may keep certain information concerning industrial hemp confidential. Provides that a licensed warehouse and grain buyer is subject to a fine for a delinquent license fee beginning with the first day that the license fee is delinquent. Urges the legislative council to assign to the appropriate study committee a study of issues related to the production and use of hemp oil that is produced from industrial hemp. Changes the effective date of fee increases and certain other changes set forth in HEA 1549-2015, from July 1, 2015, to July 1, 2016.

Effective: Upon passage; July 1, 2015.

Lehe, Friend, Klinker, Gutwein

(SENATE SPONSORS — LEISING, GROOMS, TOMES, RANDOLPH)

January 12, 2015, read first time and referred to Committee on Agriculture and Rural Development.

February 5, 2015, amended, reported — Do Pass.

February 12, 2015, read second time, amended, ordered engrossed.

February 13, 2015, engrossed.

February 16, 2015, read third time, passed. Yeas 96, nays 0.

SENATE ACTION

February 24, 2015, read first time and referred to Committee on Agriculture.

April 7, 2015, amended, reported favorably — Do Pass.

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April 8, 2015

First Regular Session of the 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1181

A BILL FOR AN ACT to amend the Indiana Code concerning agriculture.

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

1 SECTION 1. IC 15-15-13-17 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: **Sec. 17. (a) The seed commissioner**
4 **may keep the:**

5 (1) **names of growers and handlers who are licensed under**
6 **this chapter; and**
7 (2) **locations of licensed industrial hemp crops;**
8 **confidential for purposes of IC 5-14-3.**
9 (b) **The seed commissioner may share confidential information**
10 **under subsection (a) with the state police department and law**
11 **enforcement officers.**

12 SECTION 2. IC 26-3-7-6.1, AS AMENDED BY HEA 1549-2015,
13 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JULY 1, 2015]: Sec. 6.1. (a) Not more than ninety (90) days after the
15 end of a licensee's fiscal year, the licensee shall file with the agency a

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1 current review level financial statement or better financial statement
 2 that reflects the licensee's financial situation for the previous fiscal
 3 year. The financial statement must be submitted with the licensee's
 4 renewal forms and fees.

5 (b) A financial statement submitted under this section must:

6 (1) be prepared by an independent accountant certified under
 7 IC 25-2.1;

8 (2) comply with generally accepted accounting principles; and

9 (3) contain:

10 (A) an income statement;

11 (B) a balance sheet;

12 (C) a statement of cash flow;

13 (D) a statement of retained earnings;

14 (E) an aged accounts receivable listing detailing accounts that
 15 are ninety (90) days due, one hundred twenty (120) days due,
 16 and more than one hundred twenty (120) days due;

17 (F) a copy of the daily position record for the end of the
 18 licensee's fiscal year;

19 (G) the preparer's notes; and

20 (H) other information the agency requires.

21 The director may adopt rules under IC 4-22-2 to allow the agency to
 22 accept other substantial supporting documents instead of those listed
 23 to determine the financial solvency of the applicant if the director
 24 determines that providing the listed documents creates a financial or
 25 other hardship on the applicant or licensee.

26 (c) If the licensee has failed to timely file the financial statement,
 27 renewal form, or renewal fee as required in subsection (a), the agency
 28 may assess a fine as follows:

29 (1) Fifty percent (50%) of the licensee's renewal fee for a
 30 financial statement, renewal form, or renewal fee that is at least
 31 **one (1) day and not more than** sixty (60) days late.

32 (2) One hundred percent (100%) of the licensee's renewal fee for
 33 a financial statement, renewal form, or renewal fee that is more
 34 than sixty (60) days late.

35 (d) The agency may file a notice of hearing for any fines assessed
 36 under subsection (c).

37 SECTION 3. [EFFECTIVE UPON PASSAGE] (a) **As used in this**
 38 **SECTION, "legislative council" refers to the legislative council**
 39 **established by IC 2-5-1.1-1.**

40 (b) **As used in this SECTION, "study committee" means either**
 41 **of the following:**

42 (1) **A statutory committee established under IC 2-5.**



- 1 **(2) An interim study committee.**
- 2 **(c) The legislative council is urged to assign to the appropriate**
- 3 **study committee the topic of issues related to the production and**
- 4 **use of hemp oil that is produced from industrial hemp (as defined**
- 5 **by IC 15-15-13-6).**
- 6 **(d) If the topic described in subsection (c) is assigned to a study**
- 7 **committee, the study committee shall issue a final report to the**
- 8 **legislative council on the topic in an electronic format under**
- 9 **IC 5-14-6 not later than November 1, 2015.**
- 10 **(e) This SECTION expires December 31, 2015.**
- 11 **SECTION 4. [EFFECTIVE UPON PASSAGE] (a)**
- 12 **Notwithstanding the effective date in HEA 1549-2015, SECTION**
- 13 **7, for IC 26-3-7-6, the effective date of that SECTION is July 1,**
- 14 **2016, and not July 1, 2015.**
- 15 **(b) This SECTION expires January 1, 2017.**
- 16 **SECTION 5. An emergency is declared for this act.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture and Rural Development, to which was referred House Bill 1181, 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 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 15-15-13-7, AS ADDED BY P.L.165-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 7. (a) Subject to section 15 of this chapter, 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 state seed commissioner. The state seed commissioner 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 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 2, after line 5, begin a new paragraph and insert:

"SECTION 3. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "work group" means the industrial hemp use work group established by subsection (b).**

(b) The industrial hemp use work group is established. The Indiana board of pharmacy shall convene the work group, which includes representatives from the office of the state chemist and the state department of health, to do the following:

(1) Investigate creating a list of persons interested in receiving hemp oil from industrial hemp for medical or other beneficial purposes.

(2) Study the permitting process to be used by researchers who are supported by competent Indiana academic research institutions to study and research the healthful uses of hemp oil.

(3) Study any other issue concerning industrial hemp or hemp oil as it relates to the issues in subdivisions (1) and (2).

(c) The work group shall consult with the federal Drug Enforcement Administration concerning the issues in subsection (b).



(d) Before October 1, 2015, the Indiana board of pharmacy shall present the work group's findings at a meeting of the interim study committee on agriculture and natural resources.

(e) This SECTION expires January 1, 2016.

SECTION 4. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1181 as introduced.)

LEHE

Committee Vote: yeas 12, nays 0.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1181 be amended to read as follows:

Page 2, between lines 33 and 34, begin a new paragraph and insert:

"SECTION 2. IC 15-15-13-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 17. (a) The seed commissioner may determine that certain information collected under this chapter is confidential business information.**

(b) Information determined to be confidential business information under this section is confidential for purposes of IC 5-14-3-4(a)."

Page 3, between lines 11 and 12, begin a new paragraph and insert:

"SECTION 4. IC 35-48-4-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 18. (a) As used in this section, "industrial hemp substance" means a substance that is extracted from industrial hemp (as defined by IC 15-15-13-6), including the fiber, seeds, resin, and oil (including cannabidiol oil and cannabis oil), or any other compound extracted, derived, manufactured, or prepared from any part of an industrial hemp plant.**

(b) Sections 2, 8.5, 10, and 11 of this chapter do not apply to the following:

(1) A licensed physician who is practicing at a hospital or associated clinic that is affiliated with a state educational institution, an approved postsecondary educational institution



that includes a school of medicine, or a school of pharmacy and transfers, dispenses, or administers industrial hemp substances as part of a patient's treatment.

(2) An individual who is in possession of an industrial hemp substance and who is at least one (1) of the following:

(A) A patient of a physician who meets the criteria in subdivision (1).

(B) Under the treatment and has been provided a prescription or order for an industrial hemp substance by an attending physician who meets the criteria in subdivision (1).

(C) An individual who is participating in a clinical trial or expanded access program in which an industrial hemp substance has been approved for the use of those participants by the federal Food and Drug Administration."

Renumber all SECTIONS consecutively.

(Reference is to HB 1181 as printed February 6, 2015.)

LEHE

COMMITTEE REPORT

Madam President: The Senate Committee on Agriculture, to which was referred House Bill No. 1181, 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:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning agriculture.

Page 1, delete lines 1 through 15.

Page 2, delete lines 1 through 33.

Page 2, line 36, after "commissioner" insert "**may keep the:**

(1) names of growers and handlers who are licensed under this chapter; and

(2) locations of licensed industrial hemp crops;

confidential for purposes of IC 5-14-3.

(b) The seed commissioner may share confidential information under subsection (a) with the state police department and law enforcement officers."

Page 2, delete lines 37 through 42, begin a new paragraph and

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insert:

"SECTION 2. IC 26-3-7-6.1, AS AMENDED BY HEA 1549-2015, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6.1. (a) Not more than ninety (90) days after the end of a licensee's fiscal year, the licensee shall file with the agency a current review level financial statement or better financial statement that reflects the licensee's financial situation for the previous fiscal year. The financial statement must be submitted with the licensee's renewal forms and fees.

(b) A financial statement submitted under this section must:

- (1) be prepared by an independent accountant certified under IC 25-2.1;
- (2) comply with generally accepted accounting principles; and
- (3) contain:
 - (A) an income statement;
 - (B) a balance sheet;
 - (C) a statement of cash flow;
 - (D) a statement of retained earnings;
 - (E) an aged accounts receivable listing detailing accounts that are ninety (90) days due, one hundred twenty (120) days due, and more than one hundred twenty (120) days due;
 - (F) a copy of the daily position record for the end of the licensee's fiscal year;
 - (G) the preparer's notes; and
 - (H) other information the agency requires.

The director may adopt rules under IC 4-22-2 to allow the agency to accept other substantial supporting documents instead of those listed to determine the financial solvency of the applicant if the director determines that providing the listed documents creates a financial or other hardship on the applicant or licensee.

(c) If the licensee has failed to timely file the financial statement, renewal form, or renewal fee as required in subsection (a), the agency may assess a fine as follows:

- (1) Fifty percent (50%) of the licensee's renewal fee for a financial statement, renewal form, or renewal fee that is at least **one (1) day and not more than sixty (60) days late.**
- (2) One hundred percent (100%) of the licensee's renewal fee for a financial statement, renewal form, or renewal fee that is more than sixty (60) days late.

(d) The agency may file a notice of hearing for any fines assessed under subsection (c)."

Delete page 3.



Page 4, delete lines 1 through 28, begin a new paragraph and insert:
"SECTION 3. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "legislative council" refers to the legislative council established by IC 2-5-1.1-1.

(b) As used in this SECTION, "study committee" means either of the following:

- (1) A statutory committee established under IC 2-5.
- (2) An interim study committee.

(c) The legislative council is urged to assign to the appropriate study committee the topic of issues related to the production and use of hemp oil that is produced from industrial hemp (as defined by IC 15-15-13-6).

(d) If the topic described in subsection (c) is assigned to a study committee, the study committee shall issue a final report to the legislative council on the topic in an electronic format under IC 5-14-6 not later than November 1, 2015.

(e) This SECTION expires December 31, 2015.

SECTION 4. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding the effective date in HEA 1549-2015, SECTION 7, for IC 26-3-7-6, the effective date of that SECTION is July 1, 2016, and not July 1, 2015.

(b) This SECTION expires January 1, 2017."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1181 as reprinted February 13, 2015.)

LEISING, Chairperson

Committee Vote: Yeas 6, Nays 0.

