



Minnesota Hemp Program Overview

November 18, 2019

- Established legal definition of hemp: “The plant *Cannabis sativa* with less than 0.3% delta-9 tetrahydrocannabinol (THC)”
- Allowed to be grown within state’s pilot programs for research purposes
- Hemp was considered a controlled substance by the feds

2018 Farm Bill



- Expands the existing definition of industrial hemp from the 2014 Farm Bill to include “..... seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers.....”
- Hemp is now an agricultural commodity overseen by USDA
- States/Tribes must submit hemp regulatory plan to USDA for approval- including licensing growers and testing hemp fields for THC compliance
- USDA released draft rules on October 31, 2019

- Amends federal Controlled Substances Act by excluding hemp from the definition of marijuana
- Interstate commerce of hemp now fully legalized



What the Farm Bill DIDN'T DO!

- Does not change the Food, Drug, and Cosmetic Act or section 351 of the Public Health Service Act
 - CBD and other cannabinoids still considered illegal by FDA in food and dietary supplements
 - Cannot make health or wellness claims on products



CBD Legal Status Change in MN

- Statute passed in 2019 which allows hemp-derived CBD to be sold in MN as long as it meets testing and labelling requirements, and contains not more than 0.3% THC. Also cannot make any health or wellness claims on the label or in the marketing
 - MN Board of Pharmacy oversees this
 - Goes into effect January 1
- Does not apply to *food* products that contain hemp-derived CBD—these are still not legal

Three Main Types of Hemp Varieties

CBD

Grain

Fiber

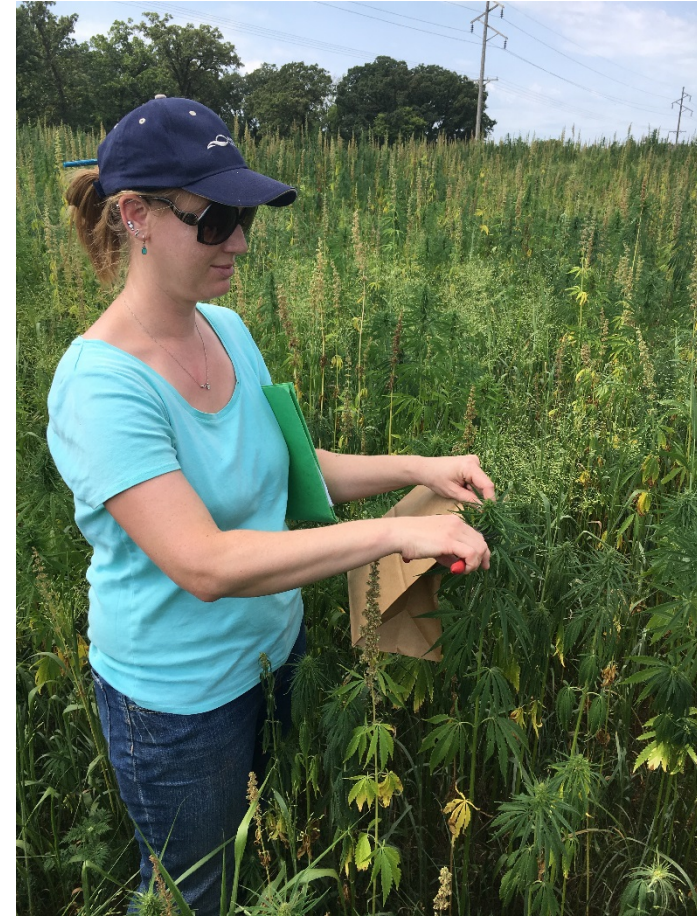
Minnesota Hemp Program

- A license is required for growers and processors of *raw* hemp material or viable seed
- License is obtained by applying online at the MDA website
- All applicants must pass a criminal history background check—instructions on how to complete the check are mailed to the applicant after they apply online



Field Inspection and Sampling

- All fields are inspected and sampled for THC compliance
- 1 sample per field—
 - 30 plants per field, one 2-inch cutting per plant
 - All plant material mixed into a single, homogenized sample



THC Testing

- Legend Technical Services-Third-Party Accredited Lab
 - Delta-9 tetrahydrocannabinol (d-9-THC)
 - 2018 Farm Bill requires us to look at Delta-9 THC post-decarboxylation (TOTAL THC = d-9 THC + THCA x 0.877)

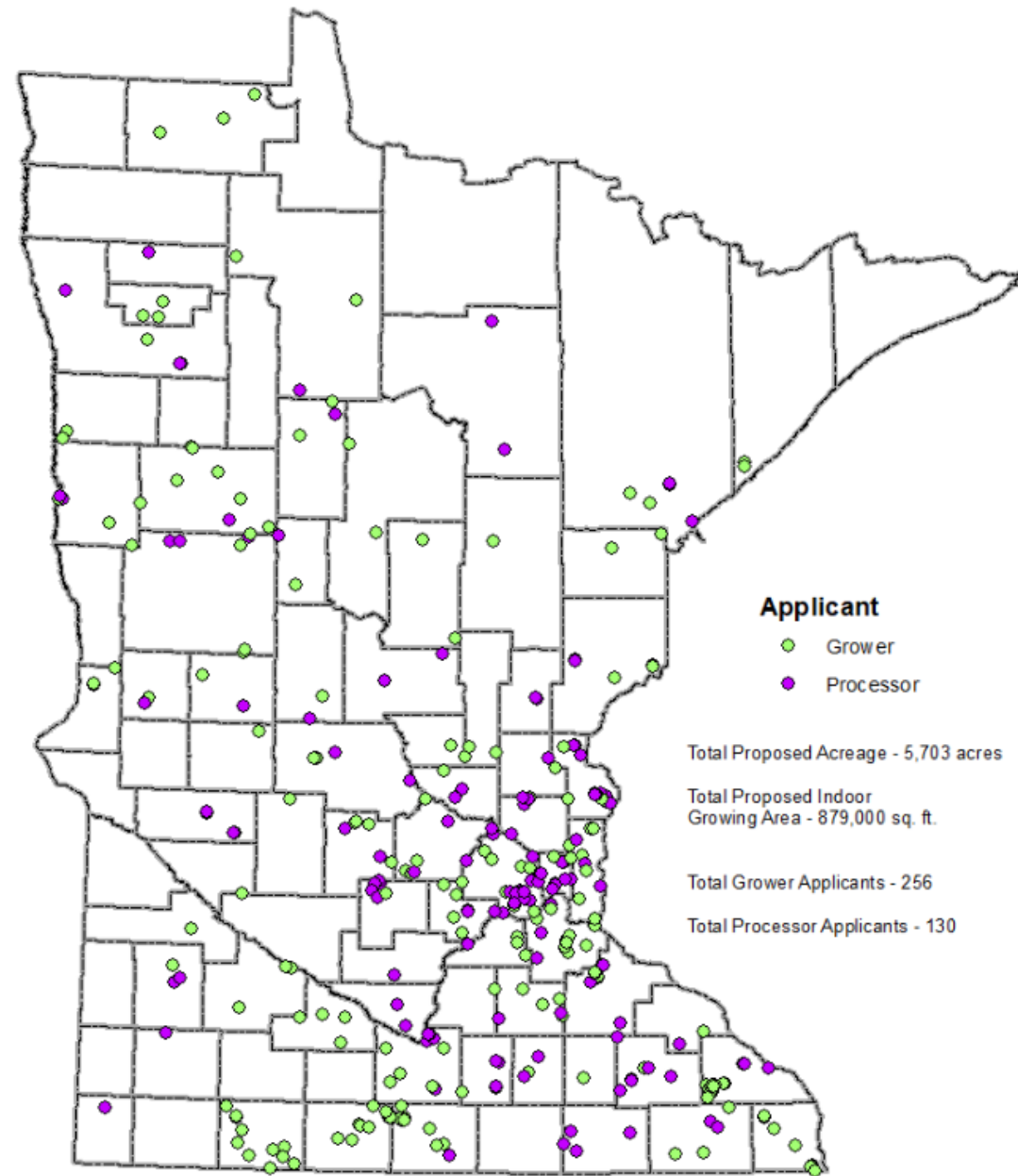


THC- testing compliance

- **In the event of a failed test...**
 - Grower can destroy crop or request a resampling/retest
 - Mandatory crop destruction after 2 failed tests
 - **In 2019: 69 out of the 568 field samples failed (over 0.3% THC) = 12% failure rate**



2019 Hemp Grower and Processor Applicants



MN Overview

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Statistic	2016	2017	2018	2019
Applicants	7	47	65	723
Licensed Growers	6	33	43	343
Licensed Processors/Handlers	0	5	8	206
Outdoor Acreage Planted	38	1,202	709	8,000
% Acres Planted For Grain	94.7%	99.3%	87.9%	21.7%
% Acres Planted For CBD	0.0%	0.4%	10.1%	78%
% Acres Planted For Fiber	5.3%	0.3%	2.0%	0.3%

The Three Hemp Markets

- CBD extractors- Currently 10-20 extractors operating in Minnesota and buying hemp flower from MN growers. Growers are also selling their crop to other states.
- Hemp smokable market is growing as well and growers can get a premium for this product
- No fiber processors in the upper Midwest
- Four companies offering contracts for grain and seed –two Canadian, one Wisconsin, and one in Minnesota
- Prices for hemp grain is comparable to other commodity prices.

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THANK YOU!