• 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
• 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
• 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)
• 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

Applicant
- Grower
- Processor

Total Proposed Acreage - 5,703 acres
Total Proposed Indoor Growing Area - 679,000 sq. ft.
Total Grower Applicants - 266
Total Processor Applicants - 130
<table>
<thead>
<tr>
<th>Statistic</th>
<th>2016</th>
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<th>2018</th>
<th>2019</th>
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<tr>
<td>Applicants</td>
<td>7</td>
<td>47</td>
<td>65</td>
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<tr>
<td>Licensed Growers</td>
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<td>43</td>
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<td>Licensed Processors/Handlers</td>
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<tr>
<td>Outdoor Acreage Planted</td>
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<td>1,202</td>
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<td>% Acres Planted For Grain</td>
<td>94.7%</td>
<td>99.3%</td>
<td>87.9%</td>
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<tr>
<td>% Acres Planted For CBD</td>
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<td>0.4%</td>
<td>10.1%</td>
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<td>% Acres Planted For Fiber</td>
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</table>
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.