

# Senate Energy and Natural Resources Committee

## Griffin Roberge 271-7875

**SB 669**, relative to authorization to grow industrial hemp.

**Hearing Date:** February 4, 2020.

**Time Opened:** 9:06 a.m.

**Time Closed:** 9:27 a.m.

**Members of the Committee Present:** Senators Fuller Clark, Feltes, Watters, Bradley and Giuda.

**Members of the Committee Absent:** None.

**Bill Analysis:** This bill authorizes higher educational institutions to contract with a third party to grow or process industrial hemp.

This bill also further defines what research of industrial hemp entails.

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**Sponsors:**

Sen. Carson  
Sen. Kahn

Sen. Reagan  
Rep. Pearl

Sen. Watters  
Rep. A. Lekas

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**Who supports the bill:** Senator Sharon Carson (NH Senate District 14), Senator John Reagan (NH Senate District 17), Senator Jay Kahn (NH Senate District 10), Shawn Jasper (DAMF), Chris Roblee, Senator David Watters (NH Senate District 4), Senator Martha Fuller Clark (NH Senate District 21), Representative Tony Lekas (Hillsborough – District 37), Representative Alicia Lekas (Hillsborough – District 37), Representative Robert Renny Cushing (Rockingham – District 21), Stella Vrook (Diverse Biotech, Inc.).

**Who opposes the bill:** None.

**Who is neutral on the bill:** None.

**Summary of testimony presented in support:**

*Senator Sharon Carson*  
*NH Senate District 14*

- Some years ago, the federal government started to lessen restrictions on the growth of industrial hemp. Other states like Kentucky were among the first to start growing industrial hemp.
- Studies have illustrated the benefits of industrial hemp and the many products that can be created from it – fuel, animal feed, health products, etc.
- SB 669 represents another step in realizing the benefits of industrial hemp by permitting higher educational institutions to contract with third parties to grow or process industrial hemp. Senator Carson deferred any questions regarding SB 669 to the NH Department of Agriculture, Markets, and Food (DAMF).
- Senator Fuller Clark asked what other states permit the growth of industrial hemp.
  - Senator Carson said she could not answer the question but deferred to DAMF.

*Shawn Jasper*

*Commissioner, DAMF*

- Under Agricultural Act of 2014 (2014 US Farm Bill), states were authorized to grow industrial hemp for research purposes. HB 421 (2015) created RSA 433-C, which was NH's response to the 2014 US Farm Bill and permitted any institution of higher education in NH to grow industrial hemp for research purposes. However, no higher education institution came forward to conduct the research.
- Under the 2019 US Farm Bill, people were allowed to grow and cultivate industrial hemp in NH, but those individuals must first be federally permitted by the US Department of Agriculture (USDA) as NH does not have its own state permitting program for industrial hemp. Despite all the excitement regarding industrial hemp, NH is one of five states that has not established its own state permitting program for industrial hemp. Only one person in NH has applied for a federal permit. Absent a growing interest to grow and cultivate industrial hemp in NH, it makes little financial sense to establish a state permitting program. DAMF would be interested in contracting with the USDA for federal inspections of industrial hemp growers as it would be at no cost to the state and neighboring states have their own permitting programs.
- Other states took a variety of approaches to research industrial hemp prior to the 2019 US Farm Bill – Vermont had 800 farms researching industrial hemp. Commissioner Jasper noted how curious it was that so many farms were looking into industrial hemp research.
- In 2019, the DAMF was contacted by Diverse Biotech, Inc., a company interested in researching industrial hemp alongside a higher education institution in NH. The research would be conducted in an indoor facility. As the DAMF and the University of New Hampshire (UNH) negotiated a contract to involve Diverse Biotech, the NH Department of Justice (NHDOJ) felt it best to amend RSA 433-C:2 make it explicit that higher education institutions could contract with third parties because the industrial hemp would be owned by Diverse Biotech, not UNH. SB 669 as introduced corrected this issue on line 3. Diverse Biotech, Inc. would rather conduct medical research in a controlled environment through the structure outlined in SB 669 rather than seek a federal permit.
- The new language in SB 669 as introduced from lines 7-11 is meant to be definitional.
- Senator Watters recalled a presentation from the Council of State Governments that demonstrated a strong potential for economic opportunities in growing and cultivating industrial hemp. He asked if Commissioner Jasper agreed.
  - Commissioner Jasper noted there is a strong potential for economic activity in growing and cultivating industrial hemp. However, because the industrial hemp industry is still in its youth, there are some major problems. As defined in RSA 433-C:1, industrial hemp is the cannabis sativa L. and any part of such plant with a delta-9 tetrahydrocannabinol concentration of not more than 0.3% on a dry weight basis. 40% of the industrial hemp being grown in the US tests above the 0.3% concentration level and is destroyed. There is roughly 60% more CBD oil in storage than there is demand, meaning contract prices are dropping. The intention of SB 669 is medical research. NH should remain cautious about growing industrial hemp – there is a relative low return on investment and the federal government still needs to determine regulations for the use and sale of CBD oil and related products. NH is prohibiting the sale of CBD-infused animal feed. The US Farm Bill allowed for the growth and cultivation of industrial hemp, but did not adopt any rules and regulations for it.
- Senator Giuda asked who would fund the growth and cultivation of industrial hemp under SB 669 as introduced.
  - Commissioner Jasper said any third party would fund the growth and cultivation of industrial hemp who wished to participate in a contract with an institution of higher education such as UNH.
- Senator Giuda wanted to be sure the state would not fund any efforts for the growth or cultivation of industrial hemp.
  - Commissioner Jasper said the state would not fund any efforts.
- Senator Giuda referenced his membership on the HB 151 Study Committee (2018) and said distinguishing industrial hemp from marijuana is problematic for law enforcement. He asked where the research would be conducted.
  - Commissioner Jasper said the Diverse Biotech had a location in mind, but he could not speak for the Diverse Biotech. The research would be conducted at a secure indoor location.
- Senator Feltes said he understood the changes on line 3 in SB 669 as introduced but said he did not understand the need for the additional language on lines 6-11. Lines 6-11 define the researching of the economics of industrial hemp to include “the promotion, distribution, or wholesale purchase or sale of industrial hemp or any product made from industrial hemp within the state...” He asked if that definition would allow a company to research the potential for promotion, distribution, or sale of industrial hemp, or permit a company to promote, distribute, or sell industrial hemp.

- Commissioner Jasper said the language meant there could be active promotion to better understand the market of industrial hemp, but it was not language he requested be put into SB 669 as introduced.

*Stella Vnook*

*Chief Executive Officer, Diverse Biotech, Inc.*

- Diverse Biotech, Inc is interested in contracting with UNH to conduct medical research of industrial hemp.
- Senator Giuda said he shared Senator Feltes' concern about SB 669's language. The language on lines 6-11 give the indication that Diverse Biotech may be involved in the promotion, distribution, and wholesale purchase or sale of industrial hemp. He asked for a clarification of the Diverse Biotech's intentions.
  - Ms. Vnook said SB 669's language was discussed between UNH and the company's chief scientific officer. Diverse Biotech is a start-up company that is studying industrial hemp and its impact on rare diseases. The intent is to conduct medical research to optimize industrial hemp in a way to have other attributes for medical purposes. Lines 6-11 were inserted in SB 669 in case the federal government offered further guidance on industrial hemp as a drug or a food additive. Diverse Biotech would then be on the frontline in offering pure industrial hemp products based on research done in conjunction with UNH.
- Senator Fuller Clark said it was her understanding that lines 6-11 outlined the opportunity to research the promotion, distribution, or wholesale purchase or sale of industrial hemp. However, Commissioner Jasper said the intention of SB 669 was to permit medical research, but there was no language in SB 669 that explicitly stated medical research.
  - Commissioner Jasper clarified his testimony – the intention of forming a contract between UNH and Diverse Biotech was for medical research. The statute was much broader and could encompass other research.
- Senator Fuller Clark said it was her understanding that the new language in line 3 is the most important language to permit a contract between UNH and Diverse Biotech.
  - Commissioner Jasper said that Senator Fuller Clark was correct.
- Senator Giuda said he was concerned that lines 6-11 would create a private contract, backed by UNH, for a company like Diverse Biotech to engage in an activity that the state explicitly does not want others to do, which is promoting, distributing, purchasing, and selling industrial hemp. While understanding the efforts to conduct medical research, such research should be separated from the promotion, distribution, purchasing, and selling industrial hemp.
  - Ms. Vnook said she understood the committee's hesitation. The language was meant to be broad in case the federal government or the state offered regulatory clarity on industrial hemp in the future. It was not meant to give Diverse Biotech an advantage over any other company. If industrial hemp could be used as a drug or a food additive following regulatory clarity at the federal level, Diverse Biotech could then be on the forefront in offering a truly unique product based on research conducted with UNH.

**Summary of testimony presented in opposition:** None.

**Neutral Information Presented:** None.

GJR

Date Hearing Report completed: February 4, 2020.