

**California Department of Food and Agriculture (CDFA)
Minutes**

of the Meeting/Video Conferencing
of the Industrial Hemp Advisory Board (IHAB)
Held on Wednesday, October 26, 2022
1220 N Street Auditorium
Sacramento, CA 95814

INDUSTRIAL HEMP ADVISORY BOARD MEMBERS

Members Present: Emma Aronson, Kadie Britt, Justin Eve, Michael Fisher, Shannon Hattan, Will Kleidon, Diwan Munger, Jack Norton, Rob Porcella, Richard Soria, Lucas Wilson

Members Absent: None

OTHER ATTENDEES*

Anne Berkley, Joanna Cedar, Gazelle Dietz, Shareef El Sissi, Jeff Finsand, Gurmin Gill, Ivan Godwyn, Ken Griffin, Jeckles, Kevin Johnson, Karmel, Joshua Kress, Jaciel Lainez, Brenda Lanini, Cory Lewis, Kelly Mayer, Jeff Nunes, Daniella Reaga, Anne Roderick, Lloyd Rogers, Tyler Rood, Margo Sanchez, Josh Schneider, Lukas Steinrueck, Terpene Belt Farms, Devorah Ungerleider, Mackenzie Whitman, Ione Yuen

*As self-reported in the Zoom application or sign-in sheet

CALL TO ORDER AND ROLL CALL

Richard Soria, Chair, called the meeting to order at 09:07 a.m. and conducted roll call. A quorum was present for the Board.

WELCOME AND OPENING REMARKS

New Board members were introduced, and biographies of each new member were provided (attached).

REVIEW AND APPROVAL OF PRIOR MEETING MINUTES

Soria directed the Board to review the draft minutes prepared by program staff for the May 5, 2022 meeting. A copy of the draft minutes had been distributed to the Board members and posted on the Department's website prior to the meeting. Soria opened the floor for any changes or corrections, and none were suggested.

Board Motion #1

The Board approved the minutes for May 5, 2022, as presented.

Motion: Richard Soria
Second: Emma Aronson

Details of Board Vote

In Favor: Emma Aronson, Kadie Britt, Justin Eve, Michael Fisher, Shannon Hattan, Will Kleidon, Diwan Munger, Jack Norton, Rob Porcella, Richard Soria, Lucas Wilson

Against: None

Abstain: None

Absent: None

PROGRAM ACTIVITIES UPDATE

Natalie Jacuzzi, Senior Environmental Scientist for CDFA's Industrial Hemp Program, provided a brief update on the Industrial Hemp Program activities (attached), including:

- A summary of current staffing for the Industrial Hemp Program;
- A brief review of emergency regulations that became effective in July 2022;
- Laboratory approval update: there were a total of 22 approved labs in California, with five new applications pending review, and five applications reviewed by the program and awaiting receipt of additional requested information from the laboratory; and
- Board membership update: in addition to the four new members, the program was working with the California Agricultural Commissioners and Sealers Association (CACASA) to fill the county agricultural commissioner vacancy, and planned to post a new press release for the registered grower vacancy.

Public comments included a request for an update on enforcement activities.

REGISTRATION FEES PROPOSAL UPDATE

Jacuzzi presented an update on the Registration Fee Proposal presented to the public on August 22, 2022 (attached), including:

- Statutory mandate for CDFA to establish a registration fee;
- The current registration fee;
- Past Board discussions and motions regarding amendment of the fee;
- The Industrial Hemp Program's budget and reserve/deficit status;
- Factors considered by staff in developing the proposal, including
 - o Actual costs of the program for CDFA and the county agricultural commissioners,
 - o Hemp program fee structures in place in other states,
 - o Costs to small, medium, and large growers and breeders,
 - o Current registration data,
 - o Previous proposals by the Board, and
 - o An analysis of workload related to application review and approval;
- The program's proposed fee structure;
- Summary of public comments received on and after August 22, 2022; and

- A revised proposed fee structure.

Jacuzzi noted that under the revised proposed fee structure, 20% of registrants would be paying less than the current \$900 registration fee, and 50% of registrants would pay less than the \$2,000 fee recommended by the Board on May 21, 2021. Jacuzzi also emphasized CDFA's statutory obligation to fund the program through registration fees, and noted that there were no other authorized sources of revenue for the program.

The Board discussed the Registration Fee Proposal and possible amendments or alternatives, including:

- Caps on registration for indoor/outdoor growing,
- The possibility of using cultivars and acreage to inform the fee structure,
- Further reducing the cost of registration for grain and fiber production,
- The possibility of the Industrial Hemp Program receiving funds from the 2023 Farm Bill, and
- The potential for the industry to lobby the legislature for additional program funding.

Michael Fisher asked what would happen if the Industrial Hemp Program continued to operate at a deficit. Joshua Kress, Chief of CDFA's Pest Exclusion Branch, responded that an answer was not available at that time, and that the deficit was an ongoing concern of the Department. Justin Eve suggested the possibility of hemp growers obtaining licenses from the United States Department of Agriculture (USDA) Domestic Hemp Production Program rather than registering with the county agricultural commissioner under the state's program. Kress clarified that growers are statutorily obligated to register with the counties, even if USDA were to administer the program.

Lucas Wilson moved for the Board to recommend amending the program's registration fee proposal to include a cap of \$5,000 for cultivation operations with less than 1,000 acres, and a cap of \$10,000 for operations with less than 2,000 acres. Eve seconded.

Public comments included concerns regarding increasing registration fees, speculation that changes to federal law in 2023 may lead to reduced regulatory costs, and a suggestion to seek other fee structure solutions.

Board Motion #2

The Board recommended that any amendment to the registration fee includes the following cap/maximum:

- Cultivation operations under 1,000 acres pay no more than \$5,000 per registrant per county, and
- Cultivation operations under 2,000 acres pay no more than \$10,000 per registrant per county.

Motion: Lucas Wilson
Second: Justin Eve

Details of Board Vote

In Favor: Emma Aronson, Kadie Britt, Justin Eve, Michael Fisher, Shannon Hattan, Will Kleidon, Diwan Munger, Jack Norton, Rob Porcella, Richard Soria, Lucas Wilson
Against: None
Abstain: None
Absent: None

REPORT ON RULES AND REGULATIONS

Jack Norton provided a brief update on activities by the Rules and Regulations Task Force. The Board's motion from the May 5, 2022 meeting to remove the Pre-Harvest Report requirement from California Code of Regulations (CCR), Title 3, Section 4940 had been approved and was being incorporated into the regular rulemaking proposed by the Department.

The Board's motion from the May 5, 2022, meeting to amend the definition of "harvest" in 3 CCR § 4890 had been reviewed by program staff and provided to the USDA Domestic Hemp Production Program for feedback. The USDA had suggested further edits to the Board's recommended definition to ensure continued compliance with federal regulations. The Board discussed the definition and ideas for further clarification. The Rules and Regulations Task Force planned to discuss this further and return with a suggestion to the Board for motion at the next meeting.

Norton asked for suggestions from the Board and public regarding development of rules for remediation and disposal of noncompliant crops, including advocating for changes to federal law in the upcoming Farm Bill. The Board discussed how growers and interested parties can bring concerns to the state legislature and/or U.S. Congress. Program staff reminded the board about compliance with the Bagley-Keene Open Meeting Act and that Board members were prohibited from engaging in discussions of Board business outside of publicly noticed meetings.

Public comments included support for remediation options for growers, and questions on the definition of and options for remediation.

DISCUSSION ON TASK FORCES

Eve led a conversation with the Board regarding the establishment of additional task forces. After discussion, the following task forces and members were assigned by the Chair:

- Rules and Regulations Task Force – Justin Eve, Jack Norton
- Legislative Updates Task Force – Shannon Hattan

- Registration Fees Task Force – Emma Aronson, Justin Eve
- Hemp Pests Task Force (not actionable) – Kadie Britt
- Program Data Management Task Force – Shannon Hattan, Kadie Britt

Public comments included support for the establishment of the task forces.

ELECTION OF BOARD MEMBERS

Soria asked for nominations or volunteers for Chairperson and Vice Chairperson for 2023. Soria nominated Norton to serve as Chairperson, and Norton accepted the nomination. There were no other nominations or volunteers for Chair.

Board Motion #3

The Board elects Jack Norton as Chairperson, to be effective January 1, 2023.

Motion: Richard Soria

Second: Justin Eve

Details of Board Vote

In Favor: Emma Aronson, Kadie Britt, Justin Eve, Michael Fisher, Shannon Hattan, Will Kleidon, Diwan Munger, Jack Norton, Rob Porcella, Richard Soria, Lucas Wilson

Against: None

Abstain: None

Absent: None

Soria asked for nominations or volunteers for Vice Chairperson. Justin Eve volunteered to serve as Vice Chairperson. There were no other nominations or volunteers for Vice Chair.

Board Motion #4

The Board elects Justin Eve as Vice Chairperson, to be effective January 1, 2023.

Motion: Richard Soria

Second: Jack Norton

Details of Board Vote

In Favor: Emma Aronson, Kadie Britt, Justin Eve, Michael Fisher, Shannon Hattan, Will Kleidon, Diwan Munger, Jack Norton, Rob Porcella, Richard Soria, Lucas Wilson

Against: None

Abstain: None

Absent: None

There were no public comments related to this agenda item.

PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Wayne Richman requested an update from the Program on enforcement activities, and asked about approved pesticides for use on *Cannabis*.

Jeff Nunes suggested amending the definition of hemp from having a delta-9 THC concentration of no more than 0.3% to having a delta-9 THC concentration of no more than 0.5%.

Josh Schneider commented on requesting a report to the legislature from the California Department of Cannabis Control, as required in Assembly Bill 45 (2021).

ADJOURNMENT

The meeting was adjourned at 3:05 p.m.

Respectfully submitted by:

Kortney Chrisman, Associate Governmental Program Analyst
Industrial Hemp Program
California Department of Food & Agriculture