

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 3686

STATE OF NEW JERSEY

DATED: MAY 16, 2019

The Senate Economic Growth Committee reports favorably Senate Bill No. 3686.

As reported, this bill establishes a program for the cultivation, handling, processing, transport, and sale of hemp and hemp products in the State in accordance with federal law.

The federal “Agricultural Improvement Act of 2018” (commonly known as the 2018 Farm Bill) was enacted in December 2018 and contains changes to the regulation of the production of hemp by the federal government. The 2018 Farm Bill significantly expands states’ ability to regulate hemp production, and provides an eventual repeal of the section of the 2014 Farm Bill that allows for hemp pilot programs in the states. As New Jersey’s law establishing a hemp pilot program is currently consistent with the provision of the 2014 Farm Bill that will eventually be repealed, an update to State law is required to ensure the production of hemp in the State.

The bill repeals New Jersey’s hemp pilot program, and replaces it with a permanent program, administered by the Department of Agriculture (department), that complies with federal law. The bill defines “hemp” as the plant *Cannabis sativa* L., any part of the plant, and all derivatives thereof with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent, consistent with federal law. The bill defines hemp producer as a person or business entity authorized by the department to cultivate, handle, or process hemp in the State.

The bill makes it lawful for a hemp producer to cultivate, handle, or process hemp or hemp products in the State, and for any person to possess, transport, sell, and purchase legally-produced hemp products in the State. Any unauthorized person who cultivates, handles, or processes hemp is subject to the same penalties as those related to marijuana.

If a hemp producer negligently violates the bill or any rules or regulations adopted pursuant thereto, the producer is subject to a corrective action plan designed to bring the producer into compliance with the hemp program. Three negligent violations in a five year period results in a five year ban from participating in the hemp program. Any intentional violations are to be referred to the Attorney General, and the United States Attorney General.

The bill also amends various sections of statutory law to remove references to the New Jersey Industrial Hemp Pilot Program, and replace them with the New Jersey Hemp Farming Act.