Senate Bill 494

By: Senators Watson of the 11th, Robertson of the 29th, Kirkpatrick of the 32nd, Goodman of the 8th, Sims of the 12th and others

AS PASSED SENATE

A BILL TO BE ENTITLED AN ACT

To amend Chapter 23 of Title 2 of the Official Code of Georgia Annotated, relating to the
 'Georgia Hemp Farming Act,' so as to regulate hemp products; to provide for definitions; to
 prohibit persons from performing certain activities without licenses; to provide for penalties;
 to revise disqualifications for a hemp grower license; to revise disqualifications for a hemp
 processor permit; to revise the annual fee for such a permit; to provide for the issuance of
 retail consumable hemp establishment licenses; to provide for the issuance of wholesale
 consumable hemp licenses; to provide for the issuance of manufacturer licenses; to provide
 for the registration of laboratories; to revise provisions concerning violations; to conform
 terminology; to provide for related matters; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

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SECTION 1.

12 Chapter 23 of Title 2 of the Official Code of Georgia Annotated, relating to the 'Georgia
13 Hemp Farming Act,' is amended in Code Section 2-23-2, relating to intent, by revising
14 paragraph (6) as follows:

15 "(6) Enable the department, <u>hemp grower</u> licensees, and universities to promote the
16 cultivation and processing of hemp and the commercial sale of hemp products."

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17	SECTION 2.
18	Said chapter is further amended by revising Code Section 2-23-3, relating to definitions, as
19	follows:
20	"2-23-3.
21	As used in this chapter, the term:
22	(1) 'Commercial sale' means the sale of products in the stream of commerce at retail, at
23	wholesale, and online.
24	(1.2) 'Consumable hemp product' means a hemp product intended to be ingested,
25	absorbed, or inhaled by humans or animals.
26	(2) 'Cultivate' means to plant, water, grow, and harvest a plant or crop.
27	(3) 'Federally defined THC level for hemp' means a delta-9-THC concentration of not
28	more than 0.3 percent on a dry weight basis, or as defined in 7 U.S.C. Section 1639o,
29	whichever is greater.
30	(4) 'Handle' means to possess or store hemp plants for any period of time on premises
31	owned, operated, or controlled by a person licensed to cultivate or permitted to process
32	hemp, or to possess or store hemp plants in a vehicle for any period of time other than
33	during the actual transport of such plants from the premises of a person licensed to
34	cultivate or permitted to process hemp or a college or university authorized to conduct
35	research pursuant to Code Section 2-23-4 to the premises of another licensed or permitted
36	person or to a college or university authorized to conduct research pursuant to Code
37	Section 2-23-4; provided, however, that this term shall not include possessing or storing
38	finished hemp products.
39	(5) 'Hemp' means the Cannabis sativa L. plant and any part of such plant, including the
40	seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts
41	of isomers, whether growing or not, with the federally defined THC level for hemp or a
42	lower level.

- 43 (5.1) 'Hemp grower licensee' means an individual or business entity possessing a hemp 44 grower license issued by the department under the authority of this chapter to handle and 45 cultivate hemp in the State of Georgia. 46 (6) 'Hemp products' means all products with the federally defined THC level for hemp 47 derived from, or made by, processing hemp plants or plant parts that are prepared in a 48 form available for legal commercial sale, but not including food products infused with 49 THC unless approved by the United States Food and Drug Administration. 50 (6.1) 'Industrial hemp product' means any hemp product that is not a consumable hemp 51 product. 52 (7) 'Key participant' means a sole proprietor, a partner in a partnership, or a person with executive managerial control in a corporation when such sole proprietor, partnership, or 53 54 corporation is an applicant to be a <u>hemp grower</u> licensee or a permittee. A person with 55 executive managerial control in a corporation includes persons serving as a chief 56 executive officer, chief operating officer, chief financial officer, or any other individual identified in regulations promulgated by the department. This term shall not include 57 58 nonexecutive managers, such as farm, field, or shift managers. 59 (8) 'Licensee' means an individual or business entity possessing a hemp grower license 60 issued by the department under the authority of this chapter to handle and cultivate hemp 61 in the State of Georgia. (8.1) 'Manufacture' means to create, produce, manipulate, combine, or package. 62 63 (8.2) 'Manufacturer license' means a license issued by the department under the authority of this chapter to an individual or business entity that manufactures consumable hemp 64 products or industrial hemp products in this state. 65 (9) 'Permittee' means an individual or business entity possessing a hemp processor permit 66
- 67 issued by the department under the authority of this chapter to handle and process hemp
- 68 in the State of Georgia.

(10)(A) 'Process' or 'processing,' except as otherwise provided in subparagraph (B) of
this paragraph, means converting an agricultural commodity into a legally marketable
form.

72 (B) Such term shall not include:

- (i) Merely placing raw or dried material into another container or packaging raw or
 dried material for resale; or
- (ii) Traditional farming practices such as those commonly known as drying, shucking
 and bucking, storing, trimming, and curing.

77 (10.1) 'Registered laboratory' means an individual or business entity that tests or analyzes

78 any plant within the genus Cannabis, including but not limited to hemp, and products

79 made from or derived from such plant, including but not limited to hemp products and

- 80 consumable hemp products, and that has registered with the department under this
 81 chapter.
- (11) 'Research' or 'researching' means experimental field, greenhouse, or laboratory
 activity for the ultimate purpose of developing new hemp varieties and products,
 improving existing hemp products, developing new uses for existing hemp products, or
 developing or improving methods for producing hemp products.

86 (11.1) 'Retail consumable hemp establishment license' means a license issued by the

87 department under the authority of this chapter to an individual or business entity that

88 prepares or sells prepackaged consumable hemp products to consumers.

89 (12) 'THC' means tetrahydrocannabinol, tetrahydrocannabinolic acid, or a combination

90 of tetrahydrocannabinol and tetrahydrocannabinolic acid.

91 (13) 'Wholesale consumable hemp license' means a license issued by the department

- 92 <u>under the authority of this chapter to an individual or business entity that sells, in bulk,</u>
- 93 prepackaged consumable hemp products to retail consumable hemp establishment
- 94 licensees or to other retail establishments located outside of the State of Georgia that are

SECTION 3.

98 Said chapter is further amended in Code Section 2-23-4, relating to required licenses,
99 research by colleges and universities, and processing of other products, by revising
100 subsection (a) as follows:

101 "(a) Except as otherwise provided in subsection (b) of this Code section, it shall be102 unlawful for:

(1) Any person to cultivate, handle, or process hemp in this state unless such person
 holds a hemp grower license or a hemp processor permit issued by the department
 pursuant to this chapter or is employed by a hemp grower licensee or permittee;

(2) A permittee to accept hemp for processing from any person other than a <u>hemp grower</u>
licensee or a college or university authorized to conduct research pursuant to
subsection (b) of this Code section, except as otherwise provided in paragraph (4) of this
subsection;

110 (3) A hemp grower licensee to provide or sell hemp to any person other than another 111 hemp grower licensee, a college or university authorized to conduct research pursuant to 112 subsection (b) of this Code section, or a permittee with whom the hemp grower licensee 113 enters into an agreement pursuant to Code Section 2-23-7, unless such person is located 114 in a state with a plan to regulate hemp production that is approved by the Secretary of 115 Agriculture secretary of agriculture of the United States, or otherwise in accordance with 116 regulations promulgated by the United States Department of Agriculture, and such person 117 is authorized to grow or process hemp in that state;

(4) A permittee to accept for processing any hemp grown outside of the State of Georgia,
unless such hemp is grown in a state with a plan to regulate hemp production that is
approved by the Secretary of Agriculture secretary of agriculture of the United States or

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121	otherwise in accordance with regulations promulgated by the United States Department
122	of Agriculture;
123	(5) A permittee to process hemp pursuant to a hemp processor permit outside of the State
124	of Georgia, unless such processing occurs in a state with a plan to regulate hemp
125	production that is approved by the Secretary of Agriculture secretary of agriculture of the
126	United States or otherwise in accordance with regulations promulgated by the United
127	States Department of Agriculture;
128	(6) Any <u>hemp grower</u> licensee or permittee to otherwise fail to comply with the
129	requirements of this chapter or any applicable state or federal law or regulation;
130	(7) Any person to offer for sale at retail the unprocessed flower or leaves of the hemp
131	plant; or
132	(8) Any person to cultivate or handle hemp in any structure that is used for residential
133	purposes."
134	SECTION 4.
135	Said chapter is further amended by adding a new Code section to read as follows:
136	" <u>2-23-4.1.</u>
137	(a) Except as provided in subsection (b) of this Code section, it shall be unlawful for any
138	person:
139	(1) To process hemp in this state unless such person holds a processing permit issued by
140	the department or is employed by a permittee;
141	(2) To handle hemp in this state unless such person holds a hemp grower license, a
142	processing permit, or a manufacturer license issued by the department or has registered

143 with the department as a registered laboratory or is employed by a person who holds such

144 <u>a license or who has registered with the department as a registered laboratory;</u>

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145 (3) To sell or offer for sale any consumable hemp product in this state to consumers 146 unless such person holds a retail consumable hemp establishment license issued by the department or is employed by a person who holds such a license; 147 148 (4) To sell or offer for sale any consumable hemp product in this state to retail consumable hemp establishment licensees or other retail establishments unless such 149 person holds a wholesale consumable hemp license issued by the department or is 150 151 employed by a person who holds such a license; 152 (5) To manufacture hemp products in this state unless such person holds a manufacturer license issued by the department or is employed by a person who holds such a license; 153 154 or (6) Perform in this state tests or analyses of any plant within the genus Cannabis, 155 including but not limited to hemp, or any product made or derived from such plant, 156 including but not limited to hemp products and consumable hemp products, unless such 157 158 person has registered with the department as a registered laboratory or is employed by a 159 person who has registered with the department as a registered laboratory. (b) The prohibitions contained in paragraphs (2) and (6) of subsection (a) of this Code 160 161 section shall not apply to a college or university authorized to conduct research pursuant 162 to Code Section 2-23-4 or a person assisting such college or university with such research 163 pursuant to Code Section 2-23-4. 164 (c)(1) Any person who violates any provision of subsection (a) of this Code section shall: 165 (A) Be guilty of a misdemeanor for a first offense; and (B) For a second or subsequent offense, be guilty of a misdemeanor of a high and 166 167 aggravated nature. 168 (2) Each violation of any provision of subsection (a) of this Code section shall constitute 169 a separate offense. (d) In addition to the criminal penalties provided for in subsection (c) of this Code section, 170 171 any person who violates any provision of subsection (a) of this Code section shall be subject to a civil penalty of not more than \$5,000.00 for each violation. The amount of the
civil penalty imposed pursuant to this subsection shall be fixed by the Commissioner after
notice and hearing as provided in Chapter 13 of Title 50, the 'Georgia Administrative
Procedure Act,' for contested cases. For purposes of this subsection, each day a violation
of subsection (a) of this Code section occurs or continues shall constitute a separate
violation."

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SECTION 5.

179 Said chapter is further amended in Code Section 2-23-5, relating to procedure for licensing,
180 fees, license requirements, and limitations on license, by revising paragraph (3) of
181 subsection (c) and paragraph (3) of subsection (d) as follows:

182 "(3) No license shall be issued to any applicant who has been convicted of a 183 misdemeanor involving sale of or trafficking in a controlled substance or a felony related 184 to a state or federally controlled substance within ten years of the date of application or 185 who materially falsifies any information contained in a license application."

186 "(3) For purposes of this subsection:

(A) The term 'person' shall include all members of a <u>hemp grower</u> licensee's family and
all corporations, limited partnerships, limited liability companies, and other business
entities in which a <u>hemp grower</u> licensee holds more than a 50 percent ownership
interest; the term 'family' shall include any person related to the holder of the hemp
grower license within the first degree of consanguinity and affinity as computed
according to the canon law and who is claimed as a dependent by the <u>hemp grower</u>
licensee for income tax purposes; and

(B) The beneficiaries of a trust shall be considered to have a beneficial interest in any
business forming a part of the trust estate."

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196	SECTION 6.
197	Said chapter is further amended in Code Section 2-23-6, relating to procedure for permitting
198	and limitations on permits and interests, by revising paragraph (3) of subsection (c),
199	subsection (e), and paragraph (3) of subsection (h) as follows:
200	"(3) No permit shall be issued to any applicant who has been convicted of a misdemeanor
201	involving sale of or trafficking in a controlled substance or a felony related to a state or
202	federally controlled substance within ten years of the date of application or who
203	materially falsifies any information contained in a license application."
204	"(e) Hemp processor permits shall be issued for one calendar year at an annual permit fee
205	of \$25,000.00 at least \$500.00 but not more than \$2,000.00, as established by the
206	Commissioner, so long as no administrative action has been taken by the department
207	regarding such permittee under this chapter."
208	"(3) For purposes of this subsection:
209	(A) The term 'person' shall include all members of a licensee's permittee's family and
210	all corporations, limited partnerships, limited liability companies, and other business
211	entities in which a licensee permittee holds more than a 50 percent ownership interest;
212	the term 'family' shall include any person related to the holder of the hemp processor
213	permit within the first degree of consanguinity and affinity as computed according to
214	the canon law and who is claimed as a dependent by the licensee permittee for income
215	tax purposes; and
216	(B) The beneficiaries of a trust shall be considered to have a beneficial interest in any

- 217 business forming a part of the trust estate."
- 218

SECTION 7.

219 Said chapter is further amended in Code Section 2-23-6.1, relating to bond requirements,220 breach of bond, hearing, enforcement, and insufficient bond funds, by revising221 subsections (a), (d), and (e) as follows:

222 "(a) Any applicant for a hemp processor permit shall make and deliver to the 223 Commissioner a surety bond executed by a surety corporation authorized to transact 224 business in this state and approved by the Commissioner. Any and all bond applications 225 shall be accompanied by a certificate of good standing issued by the Commissioner of 226 Insurance. If any company issuing a bond shall be removed from doing business in this 227 state, it shall be the duty of the Commissioner of Insurance to notify the Commissioner 228 within 30 days. The bond shall be in such amount as the Commissioner may determine, 229 not exceeding an amount equal to 2 percent of the amount of hemp purchased from hemp 230 grower licensees by the permittee in the most recent calendar year; provided, however, that 231 the minimum amount of such bond shall be \$300,000.00 \$20,000.00 and the maximum 232 amount shall be \$1 million. Such bond shall be upon a form prescribed or approved by the 233 Commissioner and shall be conditioned to secure the faithful accounting for and payment 234 to hemp grower licensees for hemp purchased by such permittee as well as to secure the 235 permittee's compliance with the requirements of this chapter. Whenever the Commissioner 236 shall determine that a previously approved bond has for any cause become insufficient, the 237 Commissioner may require an additional bond or bonds to be given in compliance with this 238 Code section. Unless the additional bond or bonds are given within the time fixed by 239 written demand therefor, or if the bond of a permittee is canceled, the permit of such 240 permittee shall be immediately revoked by operation of law without notice or hearing, and such permittee shall be ineligible to reapply for such permit for a period of four years after 241 such revocation." 242

243 "(d) If such settlement is not effected within such time, the Commissioner or the <u>hemp</u> 244 grower licensee may bring an action to enforce the claim. If the <u>hemp grower</u> licensee is 245 not satisfied with the ruling of the Commissioner, he or she may commence and maintain 246 an action against the principal and surety on the bond of the parties complained of as in any 247 civil action.

- 248 (e) If the bond or collateral posted is insufficient to pay in full the valid claims of <u>hemp</u>
- 249 grower licensees, the Commissioner may direct that the proceeds of such bond shall be
- 250 divided pro rata among such hemp grower licensees."
- 251

SECTION 8.

- 252 Said chapter is further amended by adding a new Code section to read as follows:
- 253 <u>"2-23-6.2.</u>
- 254 (a) Except as otherwise provided in this chapter, consideration, issuance, and revocation
- 255 of retail consumable hemp establishment licenses issued by the department pursuant to this
- 256 Code section shall be accomplished in accordance with Chapter 5 of this title, and such
- 257 <u>licenses shall otherwise be governed by such chapter.</u>
- 258 (b) Applications for a retail consumable hemp establishment license shall be made on a
- 259 form furnished by the Commissioner and, together with such other information as the
- 260 <u>Commissioner may require, shall state:</u>
- 261 (1) The name of the applicant;
- 262 (2) The business address of the applicant;
- 263 (3) The complete telephone number and email address of the applicant;
- 264 (4) The location where the applicant will sell or offer for sale consumable hemp products
- 265 in this state and whether such location is owned or leased by the applicant; and
- 266 (5) If the applicant is a business entity, the name of the owners, partners, members, or
- 267 <u>shareholders of such entity.</u>
- 268 (c) Retail consumable hemp establishment licenses shall be issued by the department for
- 269 <u>one calendar year at an annual licensing fee of \$250.00</u>. The Commissioner may establish
- 270 separate classes of retail consumable hemp establishment licenses based on the amount of
- 271 <u>consumable hemp products to be sold by the licensee, and the annual licensing fees</u>
- 272 required by this subsection shall be in different amounts for each such separate class of
- 273 retail consumable hemp establishment licenses.

274	(d)	Retail	consumable	hemp	establishment	licenses	issued l	by the de	partment	pursuant t	0

275 this Code section shall be issued in connection with a single retail location where

- 276 <u>consumable hemp products will be sold or offered for sale to consumers by the licensee.</u>
- 277 For a person to sell or offer for sale consumable hemp products to consumers at multiple
- 278 retail locations, such person shall be required to obtain from the department separate retail
- 279 consumable hemp establishment licenses for each such retail location."
- 280 **SECTION 9.**
- 281 Said chapter is further amended by adding a new Code section to read as follows:
- 282 "<u>2-23-6.3.</u>
- 283 (a) Except as otherwise provided in this chapter, consideration, issuance, and revocation
- 284 of wholesale consumable hemp licenses issued by the department pursuant to this Code
- 285 section shall be accomplished in accordance with Chapter 5 of this title, and such licenses
- 286 <u>shall otherwise be governed by such chapter.</u>
- 287 (b) Applications for a wholesale consumable hemp license shall be made on a form
- 288 furnished by the Commissioner and, together with such other information as the
- 289 <u>Commissioner may require, shall state:</u>
- 290 (1) The name of the applicant;
- 291 (2) The business address of the applicant;
- 292 (3) The complete telephone number and email address of the applicant;
- 293 (4) The location of the facility where the applicant will store consumable hemp products
- 294 and otherwise operate as a wholesaler of consumable hemp products in this state and
- 295 whether such facility is owned or leased by the applicant; and
- 296 (5) If the applicant is a business entity, the name of the owners, partners, members, or
- 297 <u>shareholders of such entity.</u>
- 298 (c) Wholesale consumable hemp licenses shall be issued by the department for one
- 299 calendar year at an annual licensing fee of at least \$500.00 but not more than \$10,000.00,

300	as established by the Commissioner. The Commissioner may establish separate classes of
301	wholesale consumable hemp licenses based on the amount of consumable hemp products
302	to be sold by the licensee, and the annual licensing fees required by this subsection shall
303	be in different amounts for each such separate class of wholesale consumable hemp
304	licenses.
305	(d) Wholesale consumable hemp licenses issued by the department pursuant to this Code
306	section shall be issued in connection with a single facility where the licensee will store
307	consumable hemp products or otherwise operate as a wholesaler of consumable hemp
308	products. For a person to store consumable hemp products or otherwise operate as a
309	wholesaler of consumable hemp products at multiple facilities, such person shall be
310	required to obtain from the department separate wholesale consumable hemp licenses for
311	each such facility."
312	SECTION 10.
312 313	SECTION 10. Said chapter is further amended by adding a new Code section to read as follows:
313	Said chapter is further amended by adding a new Code section to read as follows:
313314	Said chapter is further amended by adding a new Code section to read as follows: "2-23-6.4.
313314315	 Said chapter is further amended by adding a new Code section to read as follows: "<u>2-23-6.4.</u> (a) Except as otherwise provided in this chapter, consideration, issuance, and revocation
313314315316	 Said chapter is further amended by adding a new Code section to read as follows: "2-23-6.4. (a) Except as otherwise provided in this chapter, consideration, issuance, and revocation of manufacturer licenses issued by the department pursuant to this Code section shall be
 313 314 315 316 317 	 Said chapter is further amended by adding a new Code section to read as follows: "2-23-6.4. (a) Except as otherwise provided in this chapter, consideration, issuance, and revocation of manufacturer licenses issued by the department pursuant to this Code section shall be accomplished in accordance with Chapter 5 of this title, and such licenses shall otherwise
 313 314 315 316 317 318 	 Said chapter is further amended by adding a new Code section to read as follows: "2-23-6.4. (a) Except as otherwise provided in this chapter, consideration, issuance, and revocation of manufacturer licenses issued by the department pursuant to this Code section shall be accomplished in accordance with Chapter 5 of this title, and such licenses shall otherwise be governed by such chapter.
 313 314 315 316 317 318 319 	 Said chapter is further amended by adding a new Code section to read as follows: "2-23-6.4. (a) Except as otherwise provided in this chapter, consideration, issuance, and revocation of manufacturer licenses issued by the department pursuant to this Code section shall be accomplished in accordance with Chapter 5 of this title, and such licenses shall otherwise be governed by such chapter. (b) Applications for a manufacturer license shall be made on a form furnished by the

- 323 (2) The business address of the applicant;
- 324 (3) The complete telephone number and email address of the applicant;

- 325 (4) The location of the facility where the applicant will manufacture hemp products in 326 this state and whether such facility is owned or leased by the applicant; and 327 (5) If the applicant is a business entity, the name of the owners, partners, members, or 328 shareholders of such entity. (c) Manufacturer licenses shall be issued by the department for one calendar year at an 329 330 annual licensing fee of \$5,000.00; provided, however, that any person who holds a hemp processor permit issued by the department under this chapter shall not be required to pay 331 the annual licensing fee provided for in this subsection in order for such person to be issued 332 a manufacturer license by the department under this Code section. 333 (d) Manufacturer licenses issued by the department pursuant to this Code section shall be 334 issued in connection with a single facility where the licensee will manufacture hemp 335 products. For a person to manufacture hemp products at multiple facilities, such person 336 shall be required to obtain from the department separate manufacturer licenses for each 337 such facility." 338
- 339

SECTION 11.

- 340 Said chapter is further amended by adding a new Code section to read as follows:
- 341 <u>"2-23-6.5.</u>
- 342 (a) Any person desiring to perform in this state tests or analyses of any plant within the
- 343 genus Cannabis, including but not limited to hemp, or any product made or derived from
- 344 such plant, including but not limited to hemp products and consumable hemp products,
- 345 shall register with the department as a registered laboratory and pay a one-time registration
- 346 <u>fee of \$250.00.</u>
- 347 (b) Except as otherwise provided in this chapter, consideration, acceptance, and revocation
- 348 of a registration made pursuant to this Code section shall be accomplished in accordance
- 349 with Chapter 5 of this title, and such registration shall otherwise be governed by such
- 350 <u>chapter.</u>

351 (c) Registration with the department as a registered laboratory shall be made on a form and 352 in a manner as prescribed by the Commissioner. Such registration shall include, together 353 with such other information as the Commissioner may require, the following information: 354 (1) The name of the registrant; (2) The business address of the registrant; 355 356 (3) The complete telephone number and email address of the registrant; 357 (4) The location of the laboratory facility where the registrant will perform tests and 358 analyses of any plant within the genus Cannabis or any product made or derived from 359 such plant; and 360 (5) If the registrant is a business entity, the name of the owner, partners, members, or shareholders of such entity. 361 362 (d) The department shall not accept a registration under this Code section unless the 363 registrant demonstrates, to the department's satisfaction, that it is not affiliated with any 364 licensee or permittee and has been accredited pursuant to the standards of the International 365 Organization for Standardization for the competence, impartiality, and consistent operation 366 of laboratories. 367 (e) Registrations made under this Code section shall be in connection with a single 368 laboratory facility. For a person to perform tests or analyses of any plant within the genus 369 Cannabis or any product made or derived from such plant at multiple laboratory facilities, 370 such person shall be required to register each such laboratory facility with the department 371 under this Code section. 372 (f) A registered laboratory, or any person employed by a registered laboratory, shall not 373 be subject to arrest, prosecution, or any civil penalty for possessing, or having under his or her control, THC or marijuana, as such term is defined in Code Section 16-13-21, provided 374 375 that such possession or control occurs in connection with a test or analysis performed: 376 (1) On behalf of:

- 377 (A) A person licensed under this chapter or under Article 9 of Chapter 12 of Title 16;
 378 or
 379 (B) The department or the Georgia Access to Medical Cannabis Commission; and
- 380 (2) In accordance with the rules and regulations promulgated by the department pursuant
- 381 to this chapter.
- 382 (g) The department shall provide by rule and regulation a procedure by which registered
- 383 <u>laboratories shall dispose of plants or products within their possession that do not comply</u>
- 384 with the provisions of this chapter or are otherwise unlawful under the laws of this state."

SECTION 12.

386 Said chapter is further amended in Code Section 2-23-7, relating to business agreements,

387 transportation, and reimbursement for crop destruction, by revising subsections (a) and (c)388 as follows:

"(a) Every permittee shall at all times have in place written agreements with each <u>hemp</u>
<u>grower</u> licensee governing their business relationship. Each permittee shall provide a copy
of each such agreement, and any amendments thereto, to the department within ten days
of execution of each such agreement or amendment thereto."
"(c) Until December 31, 2022, when a <u>hemp grower</u> licensee disposes of a lot pursuant to
Code Section 2-23-8, the permittee with whom the <u>hemp grower</u> licensee has entered into

an agreement pursuant to this Code section shall reimburse the <u>hemp grower</u> licensee for

396 half of the amount of the combined value of the seed, fertilizer, labor costs, and any other

397 reasonable and customary input expenses incurred with such disposed of lot."

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SECTION 13.

399 Said chapter is further amended in Code Section 2-23-8, relating to sampling and random400 testing of hemp, by revising paragraph (1) of subsection (a) as follows:

401 "(a)(1) The department shall have the right, either through its own personnel or through
402 an independent contractor as provided for in Code Section 2-23-9, to collect samples of
403 hemp for testing as provided for in this chapter from the fields and greenhouses of all
404 <u>hemp grower</u> licensees. Samples shall be representative of each lot with the same global
405 positioning coordinates. No hemp shall be harvested until such samples are collected.
406 Such testing, and the harvesting of the hemp tested, shall be conducted in compliance
407 with this chapter and with regulations promulgated by the department."

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SECTION 14.

409 Said chapter is further amended by revising Code Section 2-23-10, relating to enforcement,410 corrective action plan, revocation of licenses, and reporting of licensees and permittees to the

411 Attorney General, as follows:

412 "2-23-10.

(a) A violation of a plan authorized by Code Section 2-23-11 and approved by the
secretary of agriculture of the United States by a licensee or permittee shall be subject to
enforcement in accordance with this Code section.

416 (b)(1) A <u>hemp grower</u> licensee or permittee under this chapter shall be required to
417 conduct a corrective action plan if the Commissioner determines that the <u>hemp grower</u>
418 licensee or permittee has negligently violated this chapter or has violated rules and
419 regulations promulgated by the department pursuant to this chapter by:

(A) Failing to provide a legal description and global positioning coordinates sufficient
for locating fields and greenhouses the <u>hemp grower</u> licensee uses to cultivate and
harvest hemp or facilities at which the permittee processes hemp;

423 (B) Failing to properly obtain a <u>hemp grower</u> license or permit from the department;

- 424 (C) Producing Cannabis sativa L. with more than the federally defined THC level for425 hemp; or
- 426 (D) Otherwise negligently violating this chapter.

- 427 (2) A corrective action plan required by this Code section shall include:
- 428 (A) A reasonable date by which the <u>hemp grower</u> licensee or permittee shall correct
 429 the negligent violation; and
- 430 (B) A requirement that the <u>hemp grower</u> licensee or permittee shall periodically report
- to the Commissioner on the compliance status of the <u>hemp grower</u> licensee or permittee
- 432 with the corrective action plan for a period of not less than two calendar years after the
- 433 violation.
- (c) Except as provided in subsection (d) of this Code section, a <u>hemp grower</u> licensee or
 permittee that negligently violates this chapter or rules and regulations promulgated by the
 department pursuant to this chapter shall not as a result be subject to any criminal or civil
 enforcement action by any government agency other than the enforcement action
 authorized under subsection (b) of this Code section.
- (d) A hemp grower licensee or permittee that negligently violates the corrective action
 plan under subsection (b) of this Code section this chapter or the rules and regulations
 promulgated by the department pursuant to this chapter three times in a five-year period
 shall have its hemp grower license or permit issued pursuant to this chapter immediately
 revoked and shall be ineligible to reapply for a hemp grower license or permit for a period
 of five years after the date of the third violation.
 (e) If the Commissioner determines that a hemp grower licensee or permittee has violated
- 446 state law with a culpable mental state greater than negligence, the Commissioner shall 447 immediately report the hemp grower licensee or permittee to the United States Attorney
- General and the state Attorney General, and subsection (a) of this Code section shall notapply to the violation.
- 450 (f) Laws enacting criminal offenses, including laws provided for in Title 16, not in conflict
- 451 with this chapter shall continue to be enforceable and of full force and effect."

463 All fees collected pursuant to this Act shall be paid to the state general fund.