

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL 315

Agriculture/Environment/Natural Resources Committee Substitute Adopted 6/6/19
Judiciary Committee Substitute Adopted 6/11/19
Finance Committee Substitute Adopted 6/12/19
Fifth Edition Engrossed 6/17/19
House Committee Substitute Favorable 7/1/19
House Committee Substitute #2 Favorable 7/17/19
House Committee Substitute #3 Favorable 7/25/19
House Committee Substitute #4 Favorable 8/20/19
Tenth Edition Engrossed 8/21/19
Proposed Conference Committee Substitute S315-PCCS15425-TQ-1

Short Title: North Carolina Farm Act of 2019.

(Public)

Sponsors:

Referred to:

March 21, 2019

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS CHANGES TO THE AGRICULTURAL LAWS OF THE STATE.

The General Assembly of North Carolina enacts:

IMPLEMENT A STATE HEMP PROGRAM IN ACCORDANCE WITH SECTION 10113 OF THE FEDERAL AGRICULTURE IMPROVEMENT ACT OF 2018, TO BE ADMINISTERED BY THE NORTH CAROLINA HEMP COMMISSION UNTIL JULY 1, 2021

SECTION 1. Article 50E of Chapter 106 of the General Statutes reads as rewritten:

"Article 50E.

~~"Industrial Hemp-North Carolina Hemp Commission.~~

"§ 106-568.50. Legislative findings and purpose.

~~The General Assembly finds and declares that it is in the best interest of the citizens of North Carolina to promote and encourage the development of an industrial hemp industry in the State in order to expand employment, promote economic activity, and provide opportunities to small farmers for an environmentally sustainable and profitable use of crop lands that might otherwise be lost to agricultural production. The purposes of this Article are to establish an agricultural pilot program for the cultivation of industrial hemp in the State, to provide for reporting on the program by growers and processors for agricultural or other research, and to pursue any federal permits or waivers necessary to allow industrial hemp to be grown in the State.~~

The General Assembly finds and declares that hemp is a viable agriculture commodity in this State and that it is in the best interest of the citizens of North Carolina to:

(1) Promote the cultivation and processing of hemp and open new commercial markets for farmers and businesses through the sale of hemp products.



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- 1 (2) Promote the expansion of the State's hemp industry to the maximum extent
 2 permitted by law, allowing farmers and businesses to cultivate, handle, and
 3 process hemp and sell hemp products for commercial purposes.
 4 (3) Encourage and empower research into hemp growth and hemp products at
 5 State institutions of higher education and in the private sector.
 6 (4) Move the State and its citizens to the forefront of the hemp industry.

7 **"§ 106-568.51. Definitions.**

8 The following definitions apply in this Article:

- 9 (1) Repealed by Session Laws 2018-113, s. 4, effective June 27, 2018.
 10 (1a) Cannabidiol or CBD. – The nonpsychoactive cannabinoid compound derived
 11 from the hemp variety of the plant *Cannabis sativa* (L.) that is essentially free
 12 of plant material and does not exceed the federally defined THC level for
 13 hemp.
 14 (1b) Cannabinoid. – Means any of the terpenophenolic compounds found within
 15 the plant *Cannabis sativa* (L.) that are functionally or structurally similar,
 16 biologically active, and are classified in subgroups such as Cannabigerols
 17 (CBG), Cannabichromenes (CBC), Cannabidiols (CBD),
 18 tetrahydrocannabinols (THC), Cannabinol (CBN), Cannabicyclol (CBDL),
 19 and all other chemical cannabinoid constituents derived from hemp.
 20 (1c) Commercial sale. – The sale of products in the stream of commerce, at retail,
 21 wholesale, and online.
 22 (2) ~~Commercial use. – The use of industrial hemp as a raw ingredient in the~~
 23 ~~production of hemp products.~~
 24 (3) Commission. – The North Carolina ~~Industrial-Hemp~~ Commission created by
 25 this Article.
 26 (3a) Cultivating. – Planting, watering, growing, or harvesting a plant or crop.
 27 "Cultivating" also includes possessing or storing hemp plants for any period
 28 of time on the premises where the hemp was cultivated and transporting hemp
 29 to the first point of sale by the cultivator.
 30 (4) Department. – The North Carolina Department of ~~Agriculture~~ Agriculture and
 31 Consumer Services.
 32 (4a) Federally defined THC level for hemp. – A delta-9 THC concentration of not
 33 more than three-tenths percent (0.3%) on a dry weight basis.
 34 (5) ~~Grower. – Any person licensed to grow industrial hemp by the Commission~~
 35 ~~pursuant to this Article.~~
 36 (5a) Handling. – Possessing or storing hemp plants for any period of time on
 37 premises owned, operated, or controlled by a person licensed to handle hemp.
 38 "Handling" also includes possessing or storing hemp plants in a vehicle for
 39 any period of time other than during its actual transport from the premises of
 40 a person licensed to cultivate, handle, or process hemp to the premises of
 41 another licensed person or a person who is lawfully allowed to receive it in
 42 that person's jurisdiction. "Handling" does not include possessing or storing
 43 finished hemp products.
 44 (5b) Hemp. – The plant *Cannabis sativa* (L.) and any part of that plant, including
 45 the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids,
 46 salts, and salts of isomers, whether growing or not, within the federally
 47 defined THC level for hemp.
 48 (6) ~~Hemp products. – All products made from industrial hemp, including, but not~~
 49 ~~limited to, cloth, cordage, fiber, food, fuel, paint, paper, particleboard,~~
 50 ~~plastics, seed, seed meal and seed oil for consumption, and verified propagules~~
 51 ~~for cultivation if the seeds originate from industrial hemp varieties.~~ product. –

1 Any product within the federally defined THC level for hemp derived from,
 2 or made by, processing hemp plants or plant parts, that are prepared in a form
 3 available for commercial sale, including, but not limited to, cosmetics,
 4 personal care products, food intended for animal or human consumption
 5 unless prohibited by the United States Food and Drug Administration or the
 6 United States Department of Agriculture, cloth, cordage, fiber, fuel, paint,
 7 paper, particleboard, plastics, oils, tinctures, vapor products, smokable hemp,
 8 and any product containing one or more hemp-derived cannabinoids, such as
 9 cannabidiol.

10 ~~(7) Industrial hemp.— All parts and varieties of the plant *Cannabis sativa* (L.),~~
 11 ~~cultivated or possessed by a grower licensed by the Commission, whether~~
 12 ~~growing or not, that contain a delta-9 tetrahydrocannabinol concentration of~~
 13 ~~not more than three-tenths of one percent (0.3%) on a dry weight basis.~~

14 ~~(7a) Industrial hemp research program.— The research program established~~
 15 ~~pursuant to G.S. 106-568.53(1).~~

16 ~~(7b) State land grant university.— North Carolina State University and North~~
 17 ~~Carolina A&T State University.~~

18 ~~(7c) Licensee. – An individual or business entity possessing a license issued by the~~
 19 ~~Commission under the authority of this Article to cultivate or handle hemp.~~

20 ~~(7d) Processing. – Converting an agricultural commodity into a marketable form.~~

21 ~~(7e) Smokable hemp. – Harvested raw or dried hemp plant material, including~~
 22 ~~hemp buds or hemp flowers, hemp cigars, and hemp cigarettes.~~

23 ~~(8) Tetrahydrocannabinol or THC. – The natural or synthetic equivalents of the~~
 24 ~~substances contained in the plant, or in the resinous extractives of, cannabis,~~
 25 ~~or any synthetic substances, compounds, salts, or derivatives of the plant or~~
 26 ~~chemicals and their isomers with similar chemical structure and~~
 27 ~~pharmacological activity.~~ Any of the chemical analogues belonging to the
 28 Cannabinoid subgroup Tetrahydrocannabinol. These compounds include the
 29 chemical equivalents contained in the plant *Cannabis sativa* (L.) or in the
 30 resinous extractive compounds, salts, or derivatives of the plant or chemicals
 31 and their isomers with similar chemical structure and pharmacological
 32 activity.

33 ~~(9) Verified propagule.— A seed or clone from an industrial hemp plant from~~
 34 ~~which THC concentration samples have been tested by a qualified laboratory~~
 35 ~~and confirmed as having a delta-9 tetrahydrocannabinol concentration less~~
 36 ~~than that adopted by federal law in the Controlled Substances Act, 21 U.S.C.~~
 37 ~~§ 801, et seq.~~

38 **"§ 106-568.52. North Carolina Industrial-Hemp Commission.**

39 (a) Creation and Membership. – The North Carolina ~~Industrial-Hemp~~ Commission is
 40 established and shall consist of ~~nine~~11 members as follows:

41 (1) The Commissioner of Agriculture or the Commissioner's designee, who shall
 42 serve as vice-chair.

43 (2) One appointed by the General Assembly upon recommendation of the
 44 President Pro Tempore of the Senate in accordance with G.S. 120-121, who
 45 shall at the time of appointment be a municipal chief of police.

46 (3) One appointed by the General Assembly upon recommendation of the Speaker
 47 of the House of Representatives in accordance with G.S. 120-121, who shall
 48 at the time of appointment be an elected sheriff or the sheriff's designee.

49 ~~Two~~One appointed by the Governor who shall at the time of appointment be
 50 a full-time or Emeritus faculty member of ~~a State land grant university~~North

1 Carolina State University who regularly works in the field of agricultural
2 science or research.

3 (5) One appointed by the Governor who shall at the time of appointment be a
4 full-time or Emeritus faculty member of North Carolina Agricultural and
5 Technical State University who regularly works in the field of agricultural
6 science or research.

7 ~~(5)~~(6) Two appointed by the Commissioner of Agriculture, who shall be a full-time
8 farmer with at least 10 years of experience in agricultural production in the
9 State.

10 ~~(6)~~(7) One appointed by the Commissioner of Agriculture, who shall be a
11 professional agricultural consultant.

12 ~~(7)~~(8) One appointed by the Commissioner of Agriculture, who shall be an
13 agribusiness professional.

14 (9) One appointed by the Commissioner of Agriculture, as recommended by the
15 Office for the Small and Minority Farm Program.

16 (10) One appointed by the Commissioner of Agriculture, who shall be a full-time
17 farmer as recommended by North Carolina Agricultural and Technical State
18 University.

19 (b) Terms of Members. – Members of the Commission shall serve terms of four years,
20 beginning effective July 1 of the year of appointment, and may be reappointed to a second
21 four-year term. The terms of members designated by subdivisions (a)(1), (a)(2), (a)(4), and (a)(6)
22 of this section shall expire on June 30 of any year evenly divisible by four. The terms of the
23 remaining members shall expire on June 30 of any year that follows by two years a year evenly
24 divisible by four. However, the terms of all members of the Commission shall expire July 1,
25 2021.

26 (c) Chair. – The members of the Commission shall elect a chair. The chair shall serve a
27 two-year term and may be reelected.

28 (d) Vacancies. – Any appointment to fill a vacancy on the Commission created by the
29 resignation, dismissal, death, or disability of a member shall be made by the original appointing
30 authority and shall be for the balance of the unexpired term.

31 (e) Removal. – The appointing authority shall have the power to remove any member of
32 the Commission appointed by that authority from office for misfeasance, malfeasance, or
33 nonfeasance.

34 (f) Reimbursement. – The members of the Commission shall receive per diem and
35 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

36 (g) Quorum. – Five members of the Commission shall constitute a quorum for the
37 transaction of business.

38 (h) Staff. – The Commission is authorized and empowered to employ no more than two
39 persons as staff to assist the Commission in the proper discharge of its duties and responsibilities.
40 The chair of the Commission shall organize and direct the work of the Commission staff. The
41 salaries and compensation of all such personnel shall be determined by the Commission;
42 provided, however, that the aggregate cost for salaries and benefits of the staff may not exceed
43 two hundred thousand dollars (\$200,000).

44 **"§ 106-568.53. Powers and duties of the Commission.**

45 The Commission shall have the following powers and duties:

46 (1) ~~To establish an industrial hemp research program the North Carolina Hemp~~
47 ~~Program to grow or cultivate industrial hemp in the State, to be directly~~
48 ~~managed and coordinated by State land grant universities. The Commission~~
49 ~~shall pursue any permits or waivers from the United States Drug Enforcement~~
50 ~~Agency or any other federal agency that are necessary for the establishment~~
51 ~~of the industrial hemp research program established by this Article. This~~

1 ~~research program shall consist primarily of demonstration plots planted and~~
2 ~~cultivated in North Carolina by selected growers. The growers shall be~~
3 ~~licensed pursuant to subdivision (2) of this section prior to planting any~~
4 ~~industrial hemp.~~State.

5 (2) To issue licenses allowing a person, firm, or corporation to cultivate ~~industrial~~
6 ~~or handle~~ hemp ~~for research purposes~~ to the extent allowed by federal law,
7 upon proper application as the Commission may specify, and in accordance
8 with G.S. 106-568.53A. ~~Each licensee shall provide a complete and accurate~~
9 ~~legal description of the location of the industrial hemp farming operation,~~
10 ~~including GPS coordinates, and the license shall be issued for cultivation only~~
11 ~~in those locations identified in the application and shall include on its face the~~
12 ~~description of those areas.~~The Commission may delegate approval of license
13 applications to Commission staff, but the Commission shall hear any appeals
14 of denial of a license. The Department shall provide administrative support to
15 the Commission for the processing of applications and issuance of licenses.

16 (3) ~~To support the Commission's activities, and to reimburse the Department for~~
17 ~~expenses associated with the issuance of cultivation licenses under~~
18 ~~subdivision (2) of this section, the Commission may charge the following fees:~~
19 a. ~~An initial, graduated license fee, to be paid by each cultivator, based~~
20 ~~upon the number of acres proposed for cultivation of industrial hemp,~~
21 ~~not to exceed ten thousand dollars (\$10,000), with incentive provisions~~
22 ~~to encourage the participation of small acreage farmers.~~
23 b. ~~An annual fee that is the sum of two hundred fifty dollars (\$250.00)~~
24 ~~and two dollars (\$2.00) per acre of industrial hemp cultivated.~~

25 ~~In setting fees under this subdivision, the Commission may create fair and~~
26 ~~reasonable licensing preferences for license applicants from North Carolina~~
27 ~~counties that have been recognized as economically depressed or~~
28 ~~disadvantaged. The Department shall collect and manage all fees charged by~~
29 ~~the Commission and shall remit all funds collected under this subdivision to~~
30 ~~the Commission at least monthly. The Department may retain its actual~~
31 ~~expenses associated with the issuance of cultivation licenses from the amount~~
32 ~~to be remitted to the Commission.~~

33 (4) To receive gifts, grants, federal funds, and any other funds both public and
34 private needed to support the Commission's duties and programs.

35 (5) ~~To establish procedures for reporting to the Commission by the growers and~~
36 ~~processors for agricultural or academic research and to collaborate and~~
37 ~~coordinate research efforts with the appropriate departments or programs of~~
38 ~~North Carolina State University and North Carolina A & T State University.~~

39 (6), (7) Repealed by Session Laws 2016-93, s. 3, effective July 11, 2016.

40 (8) To adopt rules necessary to carry out the purposes of this Article, which shall
41 include, but are not limited to, rules for all of the following:

42 a. ~~Testing of the industrial hemp during growth to determine~~
43 ~~tetrahydrocannabinol levels. Testing methods and protocols shall~~
44 ~~comply in all respects with any and all applicable federal~~
45 ~~requirements.~~Prescribe sampling and testing procedures to ensure that
46 hemp cultivated or handled under the authority of this Article does not
47 exceed the federally defined THC level for hemp.

48 b. ~~Supervision of the industrial hemp during its growth and harvest,~~
49 ~~including rules for verification of the type of seeds and plants used and~~
50 ~~grown by licensees.~~

- 1 e. ~~The production and sale of industrial hemp, consistent with the rules~~
 2 ~~of the United States Department of Justice and Drug Enforcement~~
 3 ~~Administration for the production, distribution, and sale of industrial~~
 4 ~~hemp.~~
 5 d. ~~Means and methods for assisting law enforcement agencies to~~
 6 ~~efficiently ascertain information regarding the legitimate and lawful~~
 7 ~~production of industrial hemp.~~
 8 e. ~~Strategies and programs for the promotion of industrial hemp products~~
 9 ~~and markets, in conjunction with the North Carolina Department of~~
 10 ~~Agriculture, the North Carolina Department of Commerce, the~~
 11 ~~University of North Carolina system, and the community college~~
 12 ~~system.~~
 13 f. ~~The fees authorized by subdivision (3) of this section.~~ Set and collect a
 14 schedule of nonrefundable fees for administering the North Carolina
 15 Hemp Program.

16 ~~The Commission shall adopt by reference or otherwise the federal regulations~~
 17 ~~in effect regarding industrial hemp and any subsequent amendments to those~~
 18 ~~regulations. No North Carolina rule, regulation, or statute shall be construed~~
 19 ~~to authorize any person to violate any federal law or regulation.~~

20 (9) ~~To undertake any additional studies relating to the production, distribution, or~~
 21 ~~use of industrial hemp as requested by the General Assembly, the Governor,~~
 22 ~~or the Commissioner of Agriculture.~~

23 (10) ~~To notify the State Bureau of Investigation and all local law enforcement~~
 24 ~~agencies of the duration, size, and location of all industrial hemp~~
 25 ~~demonstration plots authorized pursuant to the industrial hemp research~~
 26 ~~program.~~

27 **"§ 106-568.53A. Responsibilities-Qualification of licensees.**

28 ~~A person granted an industrial hemp license pursuant to this section shall:~~

- 29 (1) ~~Maintain records that demonstrate compliance with this Article and with all~~
 30 ~~other State laws regulating the planting and cultivation of industrial hemp.~~
 31 (2) ~~Retain all industrial hemp production records for a minimum of three years.~~
 32 (3) ~~Allow industrial hemp crops, throughout sowing, growing, and harvesting, to~~
 33 ~~be inspected by and at the discretion of the Commission, the State Bureau of~~
 34 ~~Investigation, or the chief law enforcement officer of the unit or units of local~~
 35 ~~government where the farm is located.~~
 36 (4) ~~Maintain a current written agreement with a State land grant university that~~
 37 ~~states that the grower is a participant in the industrial hemp research program~~
 38 ~~managed by that institution.~~

39 (a) No person shall cultivate or handle hemp in this State unless the person holds a hemp
 40 license issued by the North Carolina Hemp Commission.

41 (b) In order to obtain a license to cultivate hemp pursuant to this Article, a person must
 42 be a qualifying farmer pursuant to G.S. 105-164.13E(a) or a conditional qualifying farmer
 43 pursuant to G.S. 105-164.13E(b). The Commission may also grant a license to cultivate hemp to
 44 a State agency or institution of higher learning or an employee of a State agency or institution of
 45 higher learning for use in the scope of the employee's duties.

46 (c) An applicant for a license issued by the Commission shall submit to and pay for an
 47 annual criminal background check conducted by the State Bureau of Investigation or another
 48 State or federal law enforcement agency approved by the Commission.

49 (d) A person granted a license to cultivate hemp pursuant to this Article shall provide to
 50 the Commission prior to issuance of the license:

- 1 (1) The legal description and global positioning coordinates sufficient for locating
2 the fields or greenhouses to be used to cultivate hemp.
3 (2) Written consent allowing representatives of the Department, the State Bureau
4 of Investigation, and the chief law enforcement officer of the unit or units of
5 local government where the farm is located to enter all premises where hemp
6 is cultivated or stored for the purpose of conducting physical inspections or
7 ensuring compliance with the requirements of this Article and rules adopted
8 by the Commission.

9 (e) Any person convicted of a felony relating to a controlled substance under State or
10 federal law shall be ineligible to obtain any hemp license for the 10-year period following the
11 date of the conviction.

12 (f) Any person who materially falsifies any information contained in an application for
13 a hemp license shall be ineligible to obtain a hemp license.

14 (g) A license issued by the Commission shall afford to the spouse of a licensee all rights
15 and privileges granted to the licensee, provided the licensee's spouse meets all other
16 qualifications for licensure as provided in this section.

17 (h) A license issued by the Commission shall be transferrable to a member of the
18 licensee's immediate family upon the death or incapacity of the licensee, provided the transferee
19 meets all other qualifications for licensure as provided in this section. In the event of a licensee's
20 death, the Commission shall modify the license to reflect the transfer of the license to the
21 transferee without requiring an application for a new license. However, the transferee shall
22 submit to and pay for an annual criminal background check as required by subsection (c) of this
23 section if the Commission does not have a current criminal history on record for the transferee.

24 (i) A license issued by the North Carolina Industrial Hemp Commission shall be valid
25 for the term of the license. A person who holds a license issued by the North Carolina Industrial
26 Hemp Commission who wishes to modify the conditions of the license shall be required to apply
27 for a new license from the North Carolina Hemp Commission.

28 "~~§ 106-568.54. Limitations.~~

29 ~~The Commission shall not meet or undertake any of its powers and duties under this Article~~
30 ~~until it has obtained funding from sources other than State funds of at least two hundred thousand~~
31 ~~dollars (\$200,000) to support operations of the Commission. Funding from non-State sources for~~
32 ~~the Commission's activities may be returned to the donor or funder if not spent or encumbered~~
33 ~~within 12 months, upon request of the donor or funder. Non-State funds donated and carried over~~
34 ~~at the end of the fiscal year in which they are donated shall be retained and remain eligible for~~
35 ~~expenditure in the following fiscal year.~~

36 "~~§ 106-568.55. Authorized research purposes.~~

37 ~~As part of the industrial hemp research program directly managed by a State land grant~~
38 ~~university, a licensed grower may engage in any of the following research activities:~~

- 39 (1) ~~Studying and investigating marketplace opportunities for hemp products to~~
40 ~~increase the job base in the State by means of employment related to the~~
41 ~~production of industrial hemp.~~
42 (2) ~~Studying and investigating methods of industrial hemp cultivation that are~~
43 ~~best suited to soil conservation and restoration.~~
44 (3) ~~Overseeing and analyzing the growth of industrial hemp by licensed growers~~
45 ~~for agronomy research and analysis of required soils, growing conditions, and~~
46 ~~harvest methods relating to the production of various varieties of industrial~~
47 ~~hemp that may be suitable for various commercial hemp products.~~
48 (4) ~~Conducting seed research on various types of industrial hemp that are best~~
49 ~~suites to be grown in North Carolina, including seed availability, creation of~~
50 ~~North Carolina hybrid types, and in the ground variety trials and seed~~

- 1 production. The Commission may establish a program to recognize certain
2 industrial hemp seeds as being North Carolina varieties of hemp seed.
- 3 (5) Studying the economic feasibility of developing an industrial hemp market in
4 various types of industrial hemp that can be grown in the State, including by
5 commercial marketing and sale of industrial hemp.
- 6 (6) Reporting on the estimated value added benefits, including environmental
7 benefits, to North Carolina businesses of an industrial hemp market of North
8 Carolina grown industrial hemp varieties.
- 9 (7) Studying the agronomy research being conducted worldwide relating to
10 industrial hemp varieties, production, and use.
- 11 (8) Researching and promoting on the world market industrial hemp and hemp
12 seed that can be grown in the State.
- 13 (9) Promoting research into the development of industrial hemp and commercial
14 markets for North Carolina industrial hemp and hemp products.
- 15 (10) Studying the feasibility of attracting federal or private funding for the North
16 Carolina industrial hemp research program.
- 17 (11) Studying the use of industrial hemp in new energy technologies, including
18 electricity generation, biofuels, or other forms of energy resources; the growth
19 of industrial hemp on reclaimed mine sites; the use of hemp seed oil in the
20 production of fuels; and the production costs, environmental issues, and costs
21 and benefits involved with the use of industrial hemp for energy.

22 **"§ 106-568.55A. Bonding requirement for hemp handlers.**

23 The Commission shall not issue a license to handle hemp to any person until the person has
24 furnished the Commissioner of Agriculture a bond satisfactory to the Commissioner in an amount
25 of not less than two hundred fifty thousand dollars (\$250,000). No bond shall be required for a
26 handler who processes only hemp grown by the handler. The Commissioner may require a new
27 bond or may require the amount of any bond to be increased if the Commissioner finds it
28 necessary for the protection of the cultivator. The bond shall be payable to the State and shall be
29 conditioned upon the fulfilling of all financial obligations incurred by the handler with all hemp
30 cultivators with whom the handler contracts. Any cultivator alleging any injury by the fraud,
31 deceit, willful injury, or failure to comply with the terms of any written contract by a handler
32 may bring suit on the bond against the principal and the principal's surety in any court of
33 competent jurisdiction and may recover the damages found to be caused by such acts complained
34 of.

35 **"§ 106-568.55B. Corrective action plans authorized.**

36 (a) The Commission shall require any person who is required to obtain a hemp license
37 issued by the Commission to comply with a corrective action plan if the Commission determines
38 that the person has negligently violated any provision of this Article or any rule adopted by the
39 Commission, including by negligently failing to obtain a proper license or other required
40 authorization from the Commission, negligently failing to provide an accurate legal description
41 of land on which the person produces hemp, or negligently producing *Cannabis sativa* (L.) with
42 more than the federally defined THC level for hemp.

43 (b) A corrective action plan required by the Commission shall include at least the date by
44 which the person shall correct the violation and a requirement that the person shall periodically
45 report to the Commission on the person's compliance with this Article and all rules adopted by
46 the Commission for a period of not less than the next two calendar years.

47 (c) Notwithstanding any other provision of law, the penalty for a negligent violation of
48 any provision of this Article or any rule adopted by the Commission shall be compliance with a
49 corrective action plan pursuant to subsection (b) of this section. However, a person who
50 negligently violates this Article or any rule adopted by the Commission three times in a five-year
51 period shall be ineligible to obtain a hemp license for a period of five years beginning on the date

1 of the third violation and shall be subject to criminal and civil penalties for additional violations
2 during that period.

3 (d) If the Commission determines that a person has violated this Article or any rule
4 adopted by the Commission recklessly, willfully, knowingly, or intentionally, the Commission
5 shall immediately report the person to the Commissioner, Attorney General, and the appropriate
6 law enforcement authority.

7 **"§ 106-568.56. Civil penalty.**

8 (a) In addition to any other liability or penalty provided by law, the Commissioner may
9 assess a civil penalty of not more than two thousand five hundred dollars (\$2,500) per violation
10 against any person who:

- 11 (1) Violates any provision of this Article or a rule adopted by the Commission, or
12 conditions of any license, permit, or order issued by the Commission.
- 13 (2) Manufactures, distributes, dispenses, delivers, purchases, aids, abets,
14 attempts, or conspires to manufacture, distribute, dispense, deliver, purchase,
15 or possesses with the intent to manufacture, distribute, dispense, deliver, or
16 purchase marijuana on property used for ~~industrial~~-hemp production, or in a
17 manner intended to disguise the marijuana due to its proximity to ~~industrial~~
18 hemp. This penalty may be imposed in addition to any other penalties
19 provided by law.
- 20 (3) Provides the Commission with false or misleading information in relation to
21 a license application or renewal, inspection, or investigation authorized by this
22 Article.
- 23 (4) Tamperes with or adulterates ~~an industrial~~-a hemp crop lawfully planted
24 pursuant to this Article.

25 (b) The Commissioner shall remit the clear proceeds of civil penalties assessed pursuant
26 to this section to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

27 **"§ 106-568.57. Criminal penalties.**

28 (a) Any person that manufactures, distributes, dispenses, delivers, purchases, aids, abets,
29 attempts, or conspires to manufacture, distribute, dispense, deliver, purchase, or possesses with
30 the intent to manufacture, distribute, dispense, deliver, or purchase marijuana on property used
31 for ~~industrial~~-hemp production, or in a manner intended to disguise the marijuana due to its
32 proximity to ~~industrial~~-hemp, shall be deemed guilty of a Class I felony. This penalty may be
33 imposed in addition to any other penalties provided by law.

34 (b) Any person that provides the Commission with false or misleading information in
35 relation to a license application or renewal, inspection, or investigation authorized by this Article
36 shall be deemed guilty of a Class 1 misdemeanor.

37 (c) Any person that tampers with or adulterates ~~an industrial~~-a hemp crop lawfully planted
38 pursuant to this Article shall be deemed guilty of a Class 1 misdemeanor.

39 **"§ 106-568.58. Transportation of hemp products.**

40 (a) Except as provided in G.S. 106-139(g), no license shall be required to possess, handle,
41 transport, or sell hemp products.

42 (b) Hemp products may be legally transported to other states and exported to foreign
43 nations, consistent with the laws of the receiving jurisdiction.

44 **"§ 106-568.59. North Carolina Hemp Program Fund.**

45 (a) The North Carolina Hemp Program Fund is established as a special fund in the
46 Department of Agriculture and Consumer Services. The fund shall consist of amounts received
47 from appropriations and any other proceeds from gifts, grants, federal funds, application fees,
48 license fees, and any other funds, both public and private, made available for purposes of this
49 Article. Any interest received and accruing from the fund shall be paid into the State's General
50 Fund.

1 (b) The Fund shall be used by the Commission and the Department for the costs of
2 personnel, program administration, testing, and any other costs incurred in administering this
3 Article, including promotion, marketing, and branding of North Carolina grown and processed
4 hemp."

5 **SECTION 2.(a)** G.S. 90-87 reads as rewritten:

6 **"§ 90-87. Definitions.**

7 As used in this Article:

8 ...

9 (16) "Marijuana" means all parts of the plant of the genus Cannabis, whether
10 growing or not; the seeds thereof; the resin extracted from any part of such
11 plant; and every compound, manufacture, salt, derivative, mixture, or
12 preparation of such plant, its seeds or resin, but shall not include the mature
13 stalks of such plant, fiber produced from such stalks, oil, or cake made from
14 the seeds of such plant, any other compound, manufacture, salt, derivative,
15 mixture, or preparation of such mature stalks (except the resin extracted
16 therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is
17 incapable of germination. The term does not include ~~industrial hemp~~ hemp,
18 hemp products, or smokable hemp as defined in G.S. 106-568.51, when the
19 ~~industrial hemp~~ is produced and used in compliance with this Article and rules
20 issued ~~adopted~~ by the North Carolina ~~Industrial Hemp~~ Commission.

21 "

22 **SECTION 2.(b)** G.S. 90-94 reads as rewritten:

23 **"§ 90-94. Schedule VI controlled substances.**

24 This schedule includes the controlled substances listed or to be listed by whatever official
25 name, common or usual name, chemical name, or trade name designated. In determining that
26 such substance comes within this schedule, the Commission shall find: no currently accepted
27 medical use in the United States, or a relatively low potential for abuse in terms of risk to public
28 health and potential to produce psychic or physiological dependence liability based upon present
29 medical knowledge, or a need for further and continuing study to develop scientific evidence of
30 its pharmacological effects.

31 The following controlled substances are included in this schedule:

- 32 (1) Marijuana.
33 (2) ~~Tetrahydrocannabinols.~~ Tetrahydrocannabinols, except for
34 tetrahydrocannabinols in hemp, hemp products, or smokable hemp, as defined
35 in G.S. 106-568.51.
36 (3) Repealed by Session Laws 2017-115, s. 8, effective December 1, 2017, and
37 applicable to offenses committed on or after that date."

38 **SECTION 2.1.** Article 5 of Chapter 90 of the General Statutes is amended by adding
39 a new section to read:

40 **"§ 90-94.5. Immunity for hemp licensees.**

41 (a) Immunity. – Notwithstanding any other provision of this Chapter, it is not a violation
42 of G.S. 90-95(a)(1) or (a)(3) for an individual who possesses a valid hemp license from the North
43 Carolina Hemp Commission or a valid written authorization from another state or the United
44 States Department of Agriculture to possess, manufacture, sell or deliver, or possess with intent
45 to manufacture or sell or deliver hemp or smokable hemp, provided any sale or delivery of hemp
46 or smokable hemp is made to one of the following:

- 47 (1) An individual who possesses a valid hemp license from the North Carolina
48 Hemp Commission.
49 (2) A person outside the State who is allowed to receive it under the laws of that
50 jurisdiction.

1 (b) Negligent Violation. – Notwithstanding any other provision of this Chapter, it shall
2 not be a violation of G.S. 90-95(a)(1) or (a)(3) for an individual who possesses a valid hemp
3 license from the North Carolina Hemp Commission to possess, manufacture, sell or deliver, or
4 possess with intent to manufacture or sell or deliver, a commodity cultivated by the licensee
5 containing a THC level that exceeds a delta-9 THC concentration of three-tenths percent (0.3%)
6 on a dry weight basis, unless the licensee committed the violation willfully, knowingly, or
7 intentionally. The penalty for a licensee's negligent violation shall be determined by the North
8 Carolina Hemp Commission pursuant to G.S. 106-568.55B."

9 **SECTION 2.2.** G.S. 106-568.57, as amended by Section 1 of this act, is amended by
10 adding a new subsection to read:

11 "(d) Any person who sells smokable hemp or vapor products that contain hemp to a person
12 less than 18 years old shall be guilty of a Class 2 misdemeanor."

13 **SECTION 2.3.** G.S. 106-568.57(d), as enacted by Section 2.2 of this act, reads as
14 rewritten:

15 "(d) Any person who sells ~~smokable hemp~~ or vapor products containing hemp to a person
16 less than 18 years old shall be guilty of a Class 2 misdemeanor."

17 **SECTION 3.(a)** G.S. 105-113.106 is amended by adding a new subdivision to read:

18 "(3a) Hemp. – Any of the following:

19 a. Hemp as defined in G.S. 106-568.51(5b).

20 b. Hemp products as defined in G.S. 106-568.51(6).

21 c. Smokable hemp as defined in G.S. 106-568.51(7e)."

22 **SECTION 3.(b)** G.S. 105-113.107A reads as rewritten:

23 **"§ 105-113.107A. Exemptions.**

24 (a) Authorized Possession. – The tax levied in this Article does not apply to a substance
25 in the possession of a dealer who is authorized by law to possess the substance. This exemption
26 applies only during the time the dealer's possession of the substance is authorized by law.

27 (b) Certain Marijuana Parts. – The tax levied in this Article does not apply to the
28 following marijuana:

29 (1) Harvested mature marijuana stalks when separated from and not mixed with
30 any other parts of the marijuana plant.

31 (2) Fiber or any other product of marijuana stalks described in subdivision (1) of
32 this subsection, except resin extracted from the stalks.

33 (3) Marijuana seeds that have been sterilized and are incapable of germination.

34 (4) Roots of the marijuana plant.

35 (c) Hemp. – The tax levied in this Article shall not apply to hemp when lawfully
36 possessed in accordance with Article 50E of Chapter 106 of the General Statutes."

37 **SECTION 4.(a)** The Commissioner of Agriculture, in consultation with the
38 Governor and Attorney General, shall submit to the Secretary of the United States Department
39 of Agriculture a State plan for the regulation of hemp production, which shall include:

40 (1) A procedure to maintain relevant information regarding land on which hemp
41 is produced in the State, including a legal description of the land. The
42 procedure shall ensure the information is maintained for a period of not less
43 than three calendar years.

44 (2) A procedure for testing, using post-decarboxylation or other similarly reliable
45 methods, delta-9 THC concentration levels of hemp produced in the State.

46 (3) A procedure for the effective disposal of products that are produced in
47 violation of Article 50E of Chapter 106 of the General Statutes or any rule
48 adopted by the North Carolina Hemp Commission.

49 (4) A procedure to comply with the enforcement process set forth in
50 G.S. 106-568.64.

- 1 (5) A procedure for conducting annual inspections of, at a minimum, a random
2 sample of hemp producers to verify that hemp is not produced in violation of
3 this Article or rules adopted by the North Carolina Hemp Commission.
- 4 (6) A procedure for submitting (i) contact information for each hemp producer in
5 the State, (ii) a legal description of the land on which hemp is produced, and
6 (iii) the licensing status of each hemp producer in the State to the Secretary of
7 the United States Department of Agriculture not more than 30 days after the
8 date on which the information is received.

9 **SECTION 4.(b)** If the Secretary of the United States Department of Agriculture
10 disapproves the State plan submitted pursuant to subsection (a) of this section, the Commissioner
11 of Agriculture, in consultation with the Governor and Attorney General, shall submit to the
12 Secretary an amended State plan.

13 **SECTION 5.** Section 4 of S.L. 2015-299, as amended by S.L. 2016-93, reads as
14 rewritten:

15 "**SECTION 4.** Section 2 of this act becomes effective on the first day of the month following
16 the adoption of temporary rules pursuant to Section 3 of this act and applies to acts involving the
17 production, possession, or use of industrial hemp occurring on or after that date. The remainder
18 of this act is effective when it becomes law. ~~This Section 2 of this act shall expire on June 30 of~~
19 ~~the fiscal year in which the North Carolina Industrial Hemp Commission adopts and submits to~~
20 ~~the Governor and to the Revisor of Statutes a resolution that a State pilot program allowing~~
21 ~~farmers to lawfully grow industrial hemp is no longer necessary because (i) the United States~~
22 ~~Congress has enacted legislation that removes industrial hemp from the federal Controlled~~
23 ~~Substances Act and (ii) the legislation has taken effect December 1, 2019. The remainder of this~~
24 ~~act shall expire on the later of December 1, 2019, or 30 days after the effective date of regulations~~
25 ~~adopted by the United States Department of Agriculture pursuant to Section 297D of the~~
26 ~~Agriculture Marketing Act of 1946, as amended by the Agriculture Improvement Act of 2018."~~

27 **SECTION 6.** The North Carolina Hemp Commission shall adopt temporary rules to
28 implement Section 1 of this act. The temporary rules shall remain in effect until permanent rules
29 that replace the temporary rules become effective. The Commission shall adopt permanent rules
30 no later than December 1, 2020.

31 **SECTION 6.1.** Article 50E of Chapter 106 of the General Statutes is repealed.

32 **SECTION 7.** Section 1 of this act becomes effective on the later of the following
33 dates:

- 34 (1) December 1, 2019.
- 35 (2) Thirty days after the effective date of regulations adopted by the United States
36 Department of Agriculture pursuant to Section 297D of the Agriculture
37 Marketing Act of 1946, as amended by the Agriculture Improvement Act of
38 2018.

39 Sections 2, 2.1, and 2.2 of this act become effective December 1, 2019, and apply to
40 offenses committed on or after that date.

41 Section 2.3 of this act becomes effective June 1, 2020.

42 Section 3 of this act is effective for taxes imposed for taxable years beginning on or
43 after July 1, 2019. Sections 4, 5, 6, and 7 of this act are effective when they become law. Section
44 6.1 of this act becomes effective July 1, 2021. Sections 2.2 and 3 of this act expire July 1, 2021.

45
46 **TRANSFER HEMP PROGRAM AUTHORITY TO THE DEPARTMENT OF**
47 **AGRICULTURE AND CONSUMER SERVICES ON JULY 1, 2021**

48 **SECTION 8.(a)** Chapter 106 of the General Statutes is amended by adding a new
49 Article to read:

50 "Article 50F.
51 "North Carolina Hemp Program.

1 **"§ 106-568.60. Legislative findings and purpose.**

2 The General Assembly finds and declares that hemp is a viable agriculture commodity in this
3 State and that it is in the best interest of the citizens of North Carolina to:

- 4 (1) Promote the cultivation and processing of hemp, and open new commercial
5 markets for farmers and businesses through the sale of hemp products.
6 (2) Promote the expansion of the State's hemp industry to the maximum extent
7 permitted by law, allowing farmers and businesses to cultivate, handle, and
8 process hemp and sell hemp products for commercial purposes.
9 (3) Encourage and empower research into industrial hemp growth and hemp
10 products at State institutions of higher education and in the private sector.
11 (4) Move the State and its citizens to the forefront of the hemp industry.

12 **"§ 106-568.61. Definitions.**

13 The following definitions apply in this Article:

- 14 (1) "Cannabidiol" or "CBD" means the nonpsychoactive cannabinoid compound
15 derived from the hemp variety of the plant *Cannabis sativa* (L.) that is
16 essentially free of plant material and does not exceed the federally defined
17 THC level for hemp.
18 (2) "Cannabinoid" means any of the terpenophenolic compounds found within the
19 plant *Cannabis sativa* (L.) that are functionally or structurally similar,
20 biologically active, and are classified in subgroups such as Cannabigerols
21 (CBG), Cannabichromenes (CBC), Cannabidiols (CBD),
22 tetrahydrocannabinols (THC), Cannabinol (CBN), Cannabicyclol (CBDL),
23 and all other chemical cannabinoid constituents derived from hemp.
24 (3) "Commercial sale" means the sale of products in the stream of commerce, at
25 retail, wholesale, and online.
26 (4) "Commissioner" means the Commissioner of the Department of Agriculture
27 and Consumer Services.
28 (5) "Cultivating" means planting, watering, growing, and harvesting a plant or
29 crop. "Cultivating" also includes possessing or storing hemp plants for any
30 period of time on the premises where the hemp was cultivated and transporting
31 hemp to the first point of sale by the cultivator.
32 (6) "Department" means the Department of Agriculture and Consumer Services.
33 (7) "Federally defined THC level for hemp" means a delta-9 THC concentration
34 of not more than three-tenths percent (0.3%) on a dry weight basis.
35 (8) "Handling" means possessing or storing hemp plants for any period of time
36 on premises owned, operated, or controlled by a person licensed to handle
37 hemp. "Handling" also includes possessing or storing hemp plants in a vehicle
38 for any period of time other than during its actual transport from the premises
39 of a person licensed to cultivate, handle, or process hemp to the premises of
40 another licensed person or a person who is lawfully allowed to receive it in
41 that person's jurisdiction. "Handling" does not include possessing or storing
42 finished hemp products.
43 (9) "Hemp" means the plant *Cannabis sativa* (L.) and any part of that plant,
44 including the seeds thereof and all derivatives, extracts, cannabinoids,
45 isomers, acids, salts, and salts of isomers, whether growing or not, within the
46 federally defined THC level for hemp.
47 (10) "Hemp product" means any product within the federally defined THC level
48 for hemp derived from, or made by, processing hemp plants or plant parts that
49 are prepared in a form available for commercial sale, including, but not limited
50 to, cosmetics, personal care products, food intended for animal or human
51 consumption unless prohibited by the United States Food and Drug

1 Administration or the United States Department of Agriculture, cloth,
2 cordage, fiber, fuel, paint, paper, particleboard, plastics, oils, tinctures, vapor
3 products, and any product containing one or more hemp-derived
4 cannabinoids, such as cannabidiol. "Hemp product" does not include
5 smokable hemp.

6 (11) "Licensee" means an individual or business entity possessing a license issued
7 by the Department under the authority of this Article to cultivate or handle
8 hemp.

9 (12) "Processing" means converting an agricultural commodity into a marketable
10 form.

11 (13) "Smokable hemp" means harvested raw or dried hemp plant material,
12 including hemp buds or hemp flowers, hemp cigars, and hemp cigarettes.

13 (14) "Tetrahydrocannabinol" or "THC" means any of the chemical analogues
14 belonging to the Cannabinoid subgroup Tetrahydrocannabinol. These
15 compounds include the chemical equivalents contained in the plant *Cannabis*
16 *sativa* (L.) or in the resinous extractive compounds, salts, or derivatives of the
17 plant or chemicals and their isomers with similar chemical structure and
18 pharmacological activity.

19 **"§ 106-568.62. Powers and duties of the Department.**

20 The Department shall have the following powers and duties:

21 (1) To issue licenses allowing a person, firm, or corporation to cultivate or handle
22 hemp, upon proper application as the Commissioner may specify and in
23 accordance with G.S. 106-568.63. The Commissioner may delegate approval
24 of license applications to Department staff, but the Commissioner shall hear
25 all appeals of denial of a license.

26 (2) To receive gifts, grants, federal funds, and any other funds, both public and
27 private, needed to support the North Carolina Hemp Program.

28 (3) To adopt rules necessary to carry out the purposes of this Article, which shall
29 include, but are not limited to, rules to do all of the following:

30 a. Prescribe sampling and testing procedures to ensure that hemp
31 cultivated or handled under the authority of this Article does not
32 exceed the federally defined THC level for hemp.

33 b. Set and collect a schedule of nonrefundable fees for administering the
34 North Carolina Hemp Program.

35 **"§ 106-568.63. Qualification of licensees.**

36 (a) No person shall cultivate or handle hemp in this State unless the person holds a hemp
37 license issued by the Department.

38 (b) In order to obtain a license to cultivate hemp pursuant to this Article, a person must
39 be a qualifying farmer pursuant to G.S. 105-164.13E(a) or a conditional qualifying farmer
40 pursuant to G.S. 105-164.13E(b).

41 (c) A person granted a license to cultivate hemp pursuant to this Article shall provide to
42 the Department prior to issuance of the license:

43 (1) The legal description and global positioning coordinates sufficient for locating
44 the fields or greenhouses to be used to cultivate hemp.

45 (2) Written consent allowing representatives of the Department, the State Bureau
46 of Investigation, and the chief law enforcement officer of the unit or units of
47 local government where the farm is located to enter all premises where hemp
48 is cultivated or stored for the purpose of conducting physical inspections or
49 ensuring compliance with the requirements of this Article and rules adopted
50 by the Department.

1 (d) Any person convicted of a felony relating to a controlled substance under State or
2 federal law shall be ineligible to obtain any hemp license for the 10-year period following the
3 date of the conviction.

4 (e) Any person who materially falsifies any information contained in an application for
5 a hemp license shall be ineligible to obtain a hemp license.

6 (f) A license issued by the Department shall afford to the spouse of a licensee all rights
7 and privileges granted to the licensee, provided the licensee's spouse meets all other
8 qualifications for licensure as provided in this section.

9 (g) A license issued by the Department shall be transferrable to a member of the licensee's
10 immediate family upon the death or incapacity of the licensee, provided the transferee meets all
11 other qualifications for licensure as provided in this section. In the event of a licensee's death, the
12 Department shall modify the license to reflect the transfer of the license to the transferee without
13 requiring an application for a new license. However, the transferee shall submit to and pay for
14 an annual criminal background check as required by subsection (c) of this section if the
15 Department does not have a current criminal history on record for the transferee.

16 (h) A license issued by the North Carolina Industrial Hemp Commission shall be valid
17 for the term of the license. A person who holds a license issued by the North Carolina Industrial
18 Hemp Commission who wishes to modify the conditions of the license shall be required to apply
19 for a new license from the Department.

20 **"§ 106-568.64. Bonding requirement for hemp handlers.**

21 The Department shall not issue a license to handle hemp to any person until the person has
22 furnished the Commissioner a bond satisfactory to the Commissioner in an amount of not less
23 than two hundred fifty thousand dollars (\$250,000). No bond shall be required for a handler who
24 processes only hemp grown by the handler. The Commissioner may require a new bond or may
25 require the amount of any bond to be increased if the Commissioner finds it necessary for the
26 protection of the cultivator. The bond shall be payable to the State and shall be conditioned upon
27 the fulfilling of all financial obligations incurred by the handler with all hemp cultivators with
28 whom the handler contracts. Any cultivator alleging any injury by the fraud, deceit, willful injury,
29 or failure to comply with the terms of any written contract by a handler may bring suit on the
30 bond against the principal and the principal's surety in any court of competent jurisdiction and
31 may recover the damages found to be caused by such acts complained of.

32 **"§ 106-568.65. Corrective action plans authorized.**

33 (a) The Department shall require any person who is required to obtain a hemp license
34 issued by the Department to comply with a corrective action plan if the Commissioner determines
35 that the person has negligently violated any provision of this Article or any rule adopted by the
36 Department, including by negligently failing to obtain a proper license or other required
37 authorization from the Department, negligently failing to provide an accurate legal description
38 of land on which the person produces hemp, or negligently producing *Cannabis sativa* (L.) with
39 more than the federally defined THC level for hemp.

40 (b) A corrective action plan required by the Department shall include at least the date by
41 which the person shall correct the violation and a requirement that the person shall periodically
42 report to the Department on the person's compliance with this Article and all rules adopted by
43 the Department for a period of not less than the next two calendar years.

44 (c) Notwithstanding any other provision of law, the penalty for a negligent violation of
45 any provision of this Article or any rule adopted by the Department shall be compliance with a
46 corrective action plan pursuant to subsection (b) of this section. However, a person who
47 negligently violates this Article or any rule adopted by the Department three times in a five-year
48 period shall be ineligible to obtain a hemp license for a period of five years beginning on the date
49 of the third violation and shall be subject to criminal and civil penalties for additional violations
50 during that period.

1 (d) If the Commissioner determines that a person has violated this Article or any rule
2 adopted by the Department recklessly, willfully, knowingly, or intentionally, the Department
3 shall immediately report the person to the Attorney General and the appropriate law enforcement
4 authority.

5 **"§ 106-568.66. Civil penalties.**

6 (a) The Commissioner may assess a civil penalty of not more than two thousand five
7 hundred dollars (\$2,500) per violation against any person who:

8 (1) Violates any provision of this Article or a rule adopted by the Commission, or
9 conditions of any license, permit, or order issued by the Commission.

10 (2) Manufactures, distributes, dispenses, delivers, purchases, aids, abets,
11 attempts, or conspires to manufacture, distribute, dispense, deliver, purchase,
12 or possesses with the intent to manufacture, distribute, dispense, deliver, or
13 purchase marijuana on property used for hemp production, or in a manner
14 intended to disguise the marijuana due to its proximity to hemp. This penalty
15 may be imposed in addition to any other penalties provided by law.

16 (3) Provides the Department with false or misleading information in relation to a
17 license application or renewal, inspection, or investigation authorized by this
18 Article.

19 (4) Tampers with or adulterates a hemp crop lawfully planted pursuant to this
20 Article.

21 (5) Knowingly or intentionally manufactures, delivers, sells, or possesses
22 smokable hemp, except for hemp plants or parts of a hemp plant grown or
23 handled by a licensee for processing or manufacturing into a legal hemp
24 product or for sale or delivery to either an individual who possesses a valid
25 hemp license from the Department or a person outside the State who is
26 allowed to receive it under the laws of that jurisdiction.

27 (b) The Commissioner shall remit the clear proceeds of civil penalties assessed pursuant
28 to this section to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

29 **"§ 106-568.67. Criminal penalties.**

30 (a) Any person who willfully, knowingly, or intentionally manufactures, distributes,
31 dispenses, delivers, purchases, aids, abets, attempts, or conspires to manufacture, distribute,
32 dispense, deliver, purchase, or possesses with the intent to manufacture, distribute, dispense,
33 deliver, or purchase marijuana on property used for hemp production, or in a manner intended to
34 disguise the marijuana due to its proximity to hemp, shall be guilty of a Class I felony. This
35 penalty may be imposed in addition to any other penalties provided by law.

36 (b) Any person who willfully, knowingly, or intentionally provides the Department with
37 false or misleading information in relation to a license application or renewal, inspection, or
38 investigation authorized by this Article shall be guilty of a Class 1 misdemeanor.

39 (c) Any person who willfully, knowingly, or intentionally tampers with or adulterates a
40 hemp crop lawfully planted pursuant to this Article shall be guilty of a Class 1 misdemeanor.

41 (d) Any person who sells vapor products that contain hemp to a person less than 18 years
42 old shall be guilty of a Class 2 misdemeanor.

43 (e) Any person that knowingly or intentionally manufactures, delivers, sells, or possesses
44 smokable hemp, except for hemp plants or parts of a hemp plant grown or handled by a licensee
45 for processing or manufacturing into a legal hemp product or for sale or delivery to either an
46 individual who possesses a valid hemp license from the Department or a person outside the State
47 who is allowed to receive it under the laws of that jurisdiction, shall be deemed guilty of a Class
48 1 misdemeanor.

49 **"§ 106-568.68. Transportation of hemp products.**

50 (a) Except as provided in G.S. 106-139(g), no license shall be required to possess, handle,
51 transport, or sell hemp products.

1 (b) Hemp products may be legally transported to other states and exported to foreign
2 nations, consistent with the laws of the receiving jurisdiction.

3 **"§ 106-568.69. North Carolina Hemp Program Fund.**

4 (a) The North Carolina Hemp Program Fund is established as a special fund in the
5 Department of Agriculture and Consumer Services. The fund shall consist of amounts received
6 from appropriations and any other proceeds from gifts, grants, federal funds, application fees,
7 license fees, and any other funds, both public and private, made available for purposes of this
8 Article. Any interest received and accruing from the fund shall be paid into the State's General
9 Fund.

10 (b) The Fund shall be used by the Department for the costs of personnel, program
11 administration, testing, and any other costs incurred in administering this Article, including
12 promotion, marketing, and branding of North Carolina grown and processed hemp."

13 **SECTION 8.(b)** The Department of Agriculture and Consumer Services shall have
14 the authority to enforce the rules adopted by the North Carolina Hemp Commission to implement
15 Section 1 of this act until the Department amends or repeals the rules, pursuant to
16 G.S. 150B-21.7.

17 **SECTION 9.** G.S. 90-94.5, as enacted by Section 2(c) of this act, reads as rewritten:
18 **"§ 90-94.5. Immunity for hemp licensees.**

19 (a) Immunity. – Notwithstanding any other provision of this Chapter, it is not a violation
20 of G.S. 90-95(a)(1) or (a)(3) for an individual who possesses a valid hemp license from the ~~North~~
21 ~~Carolina Hemp Commission~~ Department of Agriculture and Consumer Services or a valid
22 written authorization from another state or the United States Department of Agriculture to
23 possess, manufacture, sell or deliver, or possess with intent to manufacture, sell or deliver hemp
24 or smokable hemp, provided any sale or delivery of hemp or smokable hemp is made to one of
25 the following:

- 26 (1) An individual who possesses a valid hemp license from the ~~North Carolina~~
27 ~~Hemp Commission~~ Department of Agriculture and Consumer Services.
28 (2) A person outside the State who is allowed to receive it under the laws of that
29 jurisdiction.

30 (b) Negligent violation. – Notwithstanding any other provision of this Chapter, it shall
31 not be a violation of G.S. 90-95(a)(1) or (a)(3) for an individual who possesses a valid hemp
32 license from the ~~North Carolina Hemp Commission~~ Department of Agriculture and Consumer
33 Services to possess, manufacture, sell or deliver, or possess with intent to manufacture, sell or
34 deliver, a commodity cultivated by the licensee containing a THC level that exceeds a delta-9
35 THC concentration of three-tenths percent (0.3%) on a dry weight basis, unless the licensee
36 committed the violation willfully, knowingly, or intentionally. The penalty for a licensee's
37 negligent violation shall be determined by the ~~North Carolina Hemp Commission~~ Department of
38 Agriculture and Consumer Services pursuant to G.S. 106-568.55B-G.S. 106-568.65."

39 **SECTION 10.(a)** G.S. 105-113.106(3a) reads as rewritten:

40 **"(3a) Hemp. – Any of the following:**

- 41 a. Hemp as defined in G.S. 106-568.61(9).
42 b. Hemp products as defined in G.S. 106-568.61(10).
43 c. Smokable hemp as defined in G.S. 106-568.61(13)."

44 **SECTION 10.(b)** G.S. 105-113.107A reads as rewritten:

45 **"§ 105-113.107A. Exemptions.**

46 (a) Authorized Possession. – The tax levied in this Article does not apply to a substance
47 in the possession of a dealer who is authorized by law to possess the substance. This exemption
48 applies only during the time the dealer's possession of the substance is authorized by law.

49 (b) Certain Marijuana Parts. – The tax levied in this Article does not apply to the
50 following marijuana:

- 1 (1) Harvested mature marijuana stalks when separated from and not mixed with
2 any other parts of the marijuana plant.
- 3 (2) Fiber or any other product of marijuana stalks described in subdivision (1) of
4 this subsection, except resin extracted from the stalks.
- 5 (3) Marijuana seeds that have been sterilized and are incapable of germination.
- 6 (4) Roots of the marijuana plant.
- 7 (c) Hemp. – The tax levied in this Article shall not apply to hemp when lawfully
8 possessed in accordance with Article 50F of Chapter 106 of the General Statutes."

9 **SECTION 11.** Sections 8 through 11 of this act become effective July 1, 2021.

10
11 **CLARIFY LEGALITY OF EVIDENCE**

12 **SECTION 11.5.(a)** G.S. 15A-974 reads as rewritten:

13 **"§ 15A-974. Exclusion or suppression of unlawfully obtained evidence.**

14 (a) Upon timely motion, evidence must be suppressed if:

- 15 (1) Its exclusion is required by the Constitution of the United States or the
16 Constitution of the State of North Carolina; or
- 17 (2) It is obtained as a result of a substantial violation of the provisions of this
18 Chapter. In determining whether a violation is substantial, the court must
19 consider all the circumstances, including:
- 20 a. The importance of the particular interest violated;
- 21 b. The extent of the deviation from lawful conduct;
- 22 c. The extent to which the violation was willful;
- 23 d. The extent to which exclusion will tend to deter future violations of
24 this Chapter.

25 Evidence shall not be suppressed under this subdivision if the person
26 committing the violation of the provision or provisions under this Chapter
27 acted under the objectively reasonable, good faith belief that the actions were
28 lawful.

29 (a1) If evidence was obtained as the result of a search that was supported by probable
30 cause at the time of the search, no evidence obtained as a result of that search shall be suppressed
31 solely on the basis of either of the following:

- 32 (1) A subsequent determination that a substance believed to be a controlled
33 substance at the time of the search was not a controlled substance.
- 34 (2) A subsequent determination that the presence of a controlled substance at the
35 time of the search was not a violation of law.

36 (b) The court, in making a determination whether or not evidence shall be suppressed
37 under this section, shall make findings of fact and conclusions of law which shall be included in
38 the record, pursuant to G.S. 15A-977(f)."

39 **SECTION 11.5.(b)** This section becomes effective December 1, 2019, and applies
40 to motions filed on or after that date.

41
42 **DIRECT DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES TO**
43 **REGULATE CANNABINOID-RELATED COMPOUNDS**

44 **SECTION 12.(a)** G.S. 106-121 reads as rewritten:

45 **"§ 106-121. Definitions and general consideration.**

46 For the purpose of this Article:

- 47 (1) The term "advertisement" means all representations disseminated in any
48 manner or by any means, other than by labeling, for the purposes of inducing,
49 or which are likely to induce, directly or indirectly, the purchase of food,
50 drugs, devices or cosmetics.

1 (1a) The term "cannabinoid-related compounds" means chemical compounds and
2 constituents found within the hemp plant that are biologically active and are
3 classified in subgroups such as cannabinoids, terpenes, flavonoids, and all
4 other related compounds derived from hemp. "Cannabinoid-related
5 compounds" shall not include smokable hemp, as defined in
6 G.S. 106-568.51(7e).

7 ~~(1a)~~(1b) The term "color" includes black, white, and intermediate grays.

8 ~~(1b)~~(1c) The term "color additive" means a material which:

9 "

10 **SECTION 12.(b)** G.S. 106-139 is amended by adding three new subsections to read:

11 "(f) The Board shall adopt rules to establish current good manufacturing practices in
12 manufacturing, packaging, labeling, or holding operations for cannabinoid-related compounds
13 derived from hemp, as defined in G.S. 106-568.51(5b). The Board shall include the following in
14 its rules pertaining to labeling of cannabinoid-related compounds:

15 (1) The label of products containing cannabinoid-related compounds must
16 indicate both the total cannabinoid content per product unit and the active
17 cannabinoid content in the dose recommended on the product label.

18 (2) All products containing cannabinoid-related compounds shall include on the
19 label a machine-readable code that, when scanned by a cell phone or other
20 electronic device, provides access via the Internet to a certificate of analysis
21 issued by an independent accredited laboratory certified under ISO Standard
22 17025 that meets all of the following requirements:

23 a. The certification is lot-specific.

24 b. The certification provides a profile of total cannabinoid potency
25 content.

26 c. The certification includes analysis of solvents, heavy metals,
27 pesticides, aflatoxins, and microbials contained in the product.

28 (g) The manufacture, sale, delivery, holding, or offering for sale of any
29 cannabinoid-related compounds that does not comply with rules adopted by the Board shall be
30 prohibited under this Article and shall also be subject to G.S. 106-123 and G.S. 106-125.

31 (h) No person, including individuals, partnerships, firms, associations, or corporations,
32 that are subject to rules adopted by the Board shall engage in manufacturing, packaging, labeling,
33 processing, holding, or sale of cannabinoid-related compounds without a valid license issued by
34 the Commissioner. Application for a license shall be made to the Commissioner on forms
35 provided by the Department. The application shall set forth the name and address of the applicant,
36 the applicant's principal place of business, and such other information as the Commissioner may
37 require. The Board shall develop a schedule of license fees, including fees for out-of-state and
38 online retailers. Fees collected pursuant to this subsection shall be used by the Department to
39 cover all reasonable costs of administering the licensing program. Failure to comply with this
40 Article or rules adopted thereunder shall be cause for suspension or revocation of a license."

41 **SECTION 12.(c)** G.S. 106-121 reads as rewritten:

42 "**§ 106-121. Definitions and general consideration.**

43 For the purpose of this Article:

44 (1) The term "advertisement" means all representations disseminated in any
45 manner or by any means, other than by labeling, for the purposes of inducing,
46 or which are likely to induce, directly or indirectly, the purchase of food,
47 drugs, devices or cosmetics.

48 (1a) The term "cannabinoid-related compounds" means chemical compounds and
49 constituents found within the hemp plant that are biologically active and are
50 classified in subgroups such as cannabinoids, terpenes, flavonoids, and all
51 other related compounds derived from hemp. "Cannabinoid-related

1 compounds" shall not include smokable hemp, as defined in
2 G.S. 106-568.61(13).

3 ~~(1a)~~(1b) The term "color" includes black, white, and intermediate grays.

4 ~~(1b)~~(1c) The term "color additive" means a material which:

5 "...."

6 **SECTION 12.(d)** G.S. 106-139 is amended by adding three new subsections to read:

7 "(f) The Board shall adopt rules to establish current good manufacturing practices in
8 manufacturing, packaging, labeling, or holding operations for cannabinoid-related compounds
9 derived from hemp, as defined in G.S. 106-568.61(9). The Board shall include the following in
10 its rules pertaining to labeling of cannabinoid-related compounds:

11 (1) The label of products containing cannabinoid-related compounds must
12 indicate both the total cannabinoid content per product unit and the active
13 cannabinoid content in the dose recommended on the product label.

14 (2) All products containing cannabinoid-related compounds shall include on the
15 label a machine-readable code that, when scanned by a cell phone or other
16 electronic device, provides access via the Internet to a certificate of analysis
17 issued by an independent accredited laboratory certified under ISO Standard
18 17025 that meets all of the following requirements:

19 a. The certification is lot-specific.

20 b. The certification provides a profile of total cannabinoid potency
21 content.

22 c. The certification includes analysis of solvents, heavy metals,
23 pesticides, aflatoxins, and microbials contained in the product.

24 (g) The manufacture, sale, delivery, holding, or offering for sale of any
25 cannabinoid-related compounds that does not comply with rules adopted by the Board shall be
26 prohibited under this Article and shall also be subject to G.S. 106-123 and G.S. 106-125.

27 (h) No person, including individuals, partnerships, firms, associations, or corporations,
28 that are subject to rules adopted by the Board shall engage in manufacturing, packaging, labeling,
29 processing, holding, or sale of cannabinoid-related compounds without a valid license issued by
30 the Commissioner. Application for a license shall be made to the Commissioner on forms
31 provided by the Department. The application shall set forth the name and address of the applicant,
32 the applicant's principal place of business, and such other information as the Commissioner may
33 require. The Board shall develop a schedule of license fees, including fees for out-of-state and
34 online retailers. Fees collected pursuant to this subsection shall be used by the Department to
35 cover all reasonable costs of administering the licensing program. Failure to comply with this
36 Article or rules adopted thereunder shall be cause for suspension or revocation of a license."

37 **SECTION 12.(e)** The Board of Agriculture shall adopt temporary rules to implement
38 this section no later than April 1, 2020. The temporary rules shall remain in effect until permanent
39 rules that replace the temporary rules become effective. The Board of Agriculture shall adopt
40 permanent rules no later than November 1, 2020.

41 **SECTION 12.(f)** Subsection (a) of this section is effective when it becomes law and
42 expires July 1, 2021. Subsection (b) of this section becomes effective January 1, 2020, and
43 expires July 1, 2021. Subsections (c) and (d) of this section become effective July 1, 2021. The
44 remainder of this section is effective when it becomes law.

45
46 **ALLOW DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES TO**
47 **MARKET HEMP**

48 **SECTION 13.(a)** G.S. 106-550 reads as rewritten:

49 **"§ 106-550. Policy as to promotion of use of, and markets for, farm products; official**
50 **marketing campaign.**

1 (a) It is declared to be in the interest of the public welfare that the North Carolina farmers
2 who are producers of livestock, poultry, seafood, field crops and other agricultural products,
3 including cattle, sheep, broilers, turkeys, commercial eggs, peanuts, cotton, hemp, potatoes,
4 ~~sweet potatoes, sweetpotatoes,~~ peaches, apples, berries, vegetables and other fruits of all kinds,
5 as well as bulbs and flowers and other agricultural products having a domestic or foreign market,
6 shall be permitted and encouraged to act jointly and in cooperation with growers, handlers,
7 dealers and processors of such products in promoting and stimulating, by advertising and other
8 methods, the increased production, use and sale, domestic and foreign, of any and all of such
9 agricultural commodities. The provisions of this Article, however, shall not include the
10 agricultural products of tobacco, strawberries, strawberry plants, porcine animals, or equines,
11 with respect to which separate provisions have been made.

12 (b) The "Got to be NC" marketing campaign of the Department of Agriculture and
13 Consumer Services shall be the official agricultural marketing campaign for the State."

14 **SECTION 13.(b)** Article 50 of Chapter 106 of the General Statutes is amended by
15 adding a new section to read:

16 "**§ 106-554.1. Application to North Carolina Hemp Commission for authorization of hemp**
17 **referendum.**

18 Notwithstanding G.S. 106-554, the North Carolina Hemp Commission shall be the entity that
19 provides certification and approval for the purpose of conducting a referendum among the
20 growers or producers of hemp. The North Carolina Hemp Commission shall perform the same
21 function as the Board of Agriculture in all other respects for cultivators of hemp for the purposes
22 of this Article."

23 **SECTION 13.(c)** This section is effective when it becomes law. Subsection (b) of
24 this section expires July 1, 2021.

25 **SMOKABLE HEMP BAN AND STUDY**

26 **SECTION 14.(a)** G.S. 106-568.56, as amended by Section 1 of this act, reads as
27 rewritten:

28 "**§ 106-568.56. Civil penalty.**

29 (a) In addition to any other liability or penalty provided by law, the Commissioner may
30 assess a civil penalty of not more than two thousand five hundred dollars (\$2,500) per violation
31 against any person who:

32 ...

33 (5) Knowingly or intentionally manufactures, delivers, sells, or possesses
34 smokable hemp, except for hemp plants or parts of a hemp plant grown or
35 handled by a licensee for processing or manufacturing into a legal hemp
36 product or for sale or delivery to either an individual who possesses a valid
37 hemp license from the North Carolina Hemp Commission or a person outside
38 the State who is allowed to receive it under the laws of that jurisdiction.

39 (b) The Commissioner shall remit the clear proceeds of civil penalties assessed pursuant
40 to this section to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

41 **SECTION 14.(b)** G.S. 106-568.57, as amended by Section 1 of this act, is amended
42 by adding a new subsection to read:

43 "(e) Any person that knowingly or intentionally manufactures, delivers, sells, or
44 possesses smokable hemp, except for hemp plants or parts of a hemp plant
45 grown or handled by a licensee for processing or manufacturing into a legal
46 hemp product or for sale or delivery to either an individual who possesses a
47 valid hemp license from the North Carolina Hemp Commission or a person
48 outside the State who is allowed to receive it under the laws of that
49 jurisdiction, shall be deemed guilty of a Class 1 misdemeanor."
50

1 **SECTION 14.(c)** G.S. 106-568.51(6), as amended by Section 1 of this act, reads as
2 rewritten:

3 "(6) Hemp product. – Any product within the federally defined THC level for
4 hemp derived from, or made by, processing hemp plants or plant parts, that
5 are prepared in a form available for commercial sale, including, but not limited
6 to, cosmetics, personal care products, food intended for animal or human
7 consumption unless prohibited by the United States Food and Drug
8 Administration or the United States Department of Agriculture, cloth,
9 cordage, fiber, fuel, paint, paper, particleboard, plastics, oils, tinctures, vapor
10 products, ~~smokable hemp~~, and any product containing one or more
11 hemp-derived cannabinoids, such as cannabidiol. "Hemp product" does not
12 include smokable hemp."

13 **SECTION 14.(d)** At least quarterly, the Department of Agriculture and Consumer
14 Services, the North Carolina Industrial Hemp Association, the North Carolina Hemp
15 Commission, the State Bureau of Investigation, and other law enforcement agencies and district
16 attorneys as requested by the State Bureau of Investigation shall meet to discuss best practices
17 for the hemp industry. The Department of Agriculture and Consumer Services shall report any
18 findings and legislative recommendations from these meetings to the Agriculture and Forestry
19 Awareness Study Commission within 30 days of each meeting.

20 **SECTION 14.(e)** The State Bureau of Investigation shall notify the Agriculture and
21 Forestry Awareness Study Commission in writing when a field test with an analytical capability
22 to distinguish between hemp and marijuana has been evaluated and approved by a national
23 accreditation body. Upon the receipt of notification from the State Bureau of Investigation, the
24 Agriculture and Forestry Awareness Study Commission shall study whether the prohibition on
25 the sale of smokable hemp should be repealed and make legislative recommendations.

26 **SECTION 14.(f)** Subsections (a), (b), and (c) of this section become effective June
27 1, 2020, and apply to violations or offenses committed on or after that date. The remainder of
28 this section is effective when it becomes law.

29
30 **REQUIRE UTILITY COMPANIES TO DISPOSE OF CERTAIN UNUSED**
31 **EASEMENTS UNDER CERTAIN CIRCUMSTANCES, AS RECOMMENDED BY THE**
32 **AGRICULTURE AND FORESTRY AWARENESS STUDY COMMISSION**

33 **SECTION 15.(a)** Article 9 of Chapter 62 of the General Statutes is amended by
34 adding a new section to read:

35 **"§ 62-193. Disposition of certain unused easements.**

36 (a) The underlying fee owner of land encumbered by any easement acquired by a utility
37 company, whether acquired by purchase or by condemnation, on which construction has not been
38 commenced by the utility company for the purpose for which the easement was acquired within
39 20 years of the date of acquisition, may file a complaint with the Commission for an order
40 requiring the utility company to terminate the easement in exchange for payment by the
41 underlying fee owner of the current fair market value of the easement.

42 (b) Upon receipt of the complaint, the Commission shall serve a copy of the complaint
43 on each utility company named in the complaint, together with an order directing that the utility
44 company file an answer to the complaint within 90 days after service.

45 (c) If the utility company agrees to terminate the easement, the utility company shall
46 submit to the Commission, within the time allowed for answer, an original plus four copies of a
47 statement of the utility company's agreement to terminate the easement.

48 (d) If the utility company does not agree that the easement should be terminated, the
49 utility company may request a determination from the Commission as to whether the easement
50 is necessary or advisable for the utility company's long-range needs for the provision of utilities
51 to serve its service area, and whether termination of the easement would be contrary to the

1 interests of the using and consuming public. The Commission may conduct a hearing on the
2 matter, which shall be conducted in accordance with Article 4 of this Chapter. Either party may
3 appeal the Commission's decision in accordance with Article 5 of this Chapter. The burden of
4 proof shall be on the utility company to show that the easement is necessary or advisable for the
5 utility company's long-range needs for the provision of utilities to serve its service area and that
6 termination of the easement would be contrary to the interests of the using and consuming public.

7 (e) If the underlying fee owner and the utility company cannot reach a mutually agreed
8 upon fair market value of the easement, whether terminated voluntarily or by order of the
9 Commission, the Commission shall make a request to the clerk of superior court in the county
10 where the easement is located for the appointment of commissioners to determine the fair market
11 value of the easement in accordance with the process set forth in G.S. 40A-48.

12 (f) If the Commission decides that the easement should not be terminated, the underlying
13 fee owner may not file a complaint with the Commission under this section regarding the same
14 easement for a period of five years from the date of the decision.

15 (g) For purposes of this section, the term "utility company" means a public utility as
16 defined in G.S. 62-3(23), a municipality providing utility services, an authority organized under
17 the North Carolina Water and Sewer Authorities Act, a sanitary district, a metropolitan water
18 district, a metropolitan sewerage district, a metropolitan water and sewerage district, a county
19 water and sewer district, or an electric or telephone membership corporation."

20 **SECTION 15.(b)** This section becomes effective October 1, 2019, and applies to
21 easements acquired on or after that date.
22

23 **RIGHT-OF-WAY FOR LEFT-TURNING FARM EQUIPMENT**

24 **SECTION 16.(a)** G.S. 20-150 is amended by adding a new subsection to read:

25 "(e1) The driver of a vehicle shall not overtake and pass self-propelled farm equipment
26 proceeding in the same direction when the farm equipment is (i) making a left turn or (ii)
27 signaling that it intends to make a left turn."

28 **SECTION 16.(b)** This section becomes effective December 1, 2019, and applies to
29 offenses committed on or after that date.
30

31 **EXPAND AGRICULTURAL OUTDOOR ADVERTISING**

32 **SECTION 17.** G.S. 136-129 reads as rewritten:

33 "**§ 136-129. Limitations of outdoor advertising devices.**

34 No outdoor advertising shall be erected or maintained within 660 feet of the nearest edge of
35 the right-of-way of the interstate or primary highway systems in this State so as to be visible from
36 the main-traveled way thereof after the effective date of this Article as determined by
37 G.S. 136-140, except the following:

38 ...

39 (2a) ~~Outdoor advertising which advertises the sale of any fruit or vegetable crop~~
40 ~~by the grower at a roadside stand or by having the purchaser pick the crop on~~
41 ~~the property on which the crop is grown provided: (i) to promote a bona fide~~
42 ~~farm that is exempt from zoning regulations pursuant to G.S. 153-340(b),~~
43 ~~provided the sign is no more than two-three feet long on any side; (ii) side and~~
44 ~~the sign is located on property owned or leased by the grower where the crop~~
45 ~~is grown; (iii) the grower is also the seller; and (iv) the sign is kept in place by~~
46 ~~the grower for no more than 30 days.~~ any bona fide farm property owned or
47 leased by the owner or lessee of the bona fide farm.

48"
49

50 **AGRICULTURE AND FORESTRY AWARENESS STUDY COMMISSION COCHAIR** 51 **HOLDOVER**

1 **SECTION 18.** G.S. 120-150 reads as rewritten:

2 "**§ 120-150. Creation; appointment of members.**

3 (a) There is created an Agriculture and Forestry Awareness Study Commission. Members
4 of the Commission shall be citizens of North Carolina who are interested in the vitality of the
5 agriculture and forestry sectors of the State's economy. Members shall be as follows:

- 6 (1) Three appointed by the Governor.
7 (2) Three appointed by the President Pro Tempore of the Senate.
8 (3) Three appointed by the Speaker of the House.
9 (4) The chairs of the House Agriculture Committee.
10 (5) The chairs of the Senate Committee on Agriculture, Environment, and Natural
11 Resources.
12 (6) The Commissioner of Agriculture or the Commissioner's designee.
13 (7) A member of the Board of Agriculture designated by the chair of the Board of
14 Agriculture.
15 (8) The President of the North Carolina Farm Bureau Federation, Inc., or the
16 President's designee.
17 (9) The President of the North Carolina State Grange or the President's designee.
18 (10) The Secretary of Environmental Quality or the Secretary's designee.
19 (11) The President of the North Carolina Forestry Association, Inc., or the
20 President's designee.

21 (b) Members shall be appointed for two-year terms beginning October 1 of each
22 odd-numbered year. The Chairs of the House Agriculture Committee and the Chairs of the Senate
23 Committee on Agriculture, Environment, and Natural Resources shall serve as cochairs. The
24 President Pro Tempore of the Senate and the Speaker of the House of Representatives may each
25 appoint an additional member of the Senate and House, respectively, to serve as cochair. If
26 appointed, these cochairs shall be voting members of the Commission. A quorum of the
27 Commission is nine members.

28 (c) Cochairs' terms on the Commission are for two years and begin on the convening of
29 the General Assembly in each odd-numbered year. Except as otherwise provided in this
30 subsection, a cochair of the Commission shall continue to serve for so long as the cochair remains
31 a member of the General Assembly and no successor has been appointed. A cochair of the
32 Commission who does not seek reelection or is not reelected to the General Assembly may
33 complete a term of service on the Commission until the day on which a new General Assembly
34 convenes. A member of the Commission who resigns or is removed from service in the General
35 Assembly shall be deemed to have resigned or been removed from service on the Commission."

36
37 **ADD HUNTING, FISHING, SHOOTING SPORTS, AND EQUESTRIAN ACTIVITIES**
38 **TO THE DEFINITION OF AGRITOURISM, AND LIMIT REGULATION OF**
39 **CATERING BY BONA FIDE FARMS**

40 **SECTION 20.(a)** G.S. 99E-30 reads as rewritten:

41 "**§ 99E-30. Definitions.**

42 As used in this Article, the following terms mean:

- 43 (1) Agritourism activity. – Any activity carried out on a farm or ranch that allows
44 members of the general public, for recreational, entertainment, or educational
45 purposes, to view or enjoy rural activities, including farming, ranching,
46 historic, cultural, harvest-your-own activities, hunting, fishing, shooting
47 sports, equestrian activities, or natural activities and attractions. An activity is
48 an agritourism activity whether or not the participant paid to participate in the
49 activity. For purposes of this section, properties used for shooting sports shall
50 comply with guidelines for design and site evaluation as established by the
51 Wildlife Resources Commission. "Agritourism activity" includes an activity

1 involving any animal exhibition at an agricultural fair licensed by the
2 Commissioner of Agriculture pursuant to G.S. 106-520.3.

- 3 (2) Agritourism professional. – Any person who is engaged in the business of
4 providing one or more agritourism activities, whether or not for compensation.
- 5 (3) Inherent risks of agritourism activity. – Those dangers or conditions that are
6 an integral part of an agritourism activity including certain hazards, including
7 surface and subsurface conditions, natural conditions of land, vegetation, and
8 waters, the behavior of wild or domestic animals, and ordinary dangers of
9 structures or equipment ordinarily used in farming and ranching operations.
10 Inherent risks of agritourism activity also include the potential of a participant
11 to act in a negligent manner that may contribute to injury to the participant or
12 others, including failing to follow instructions given by the agritourism
13 professional or failing to exercise reasonable caution while engaging in the
14 agritourism activity.
- 15 (4) Participant. – Any person, other than the agritourism professional, who
16 engages in an agritourism activity.
- 17 (5) Person. – An individual, fiduciary, firm, association, partnership, limited
18 liability company, corporation, unit of government, or any other group acting
19 as a unit."

20 **SECTION 20.(b)** G.S. 153A-340(b)(2a) reads as rewritten:

21 "(2a) A building or structure that is used for agritourism is a bona fide farm purpose
22 if the building or structure is located on a property that (i) is owned by a person
23 who holds a qualifying farmer sales tax exemption certificate from the
24 Department of Revenue pursuant to G.S. 105-164.13E(a) or (ii) is enrolled in
25 the present-use value program pursuant to G.S. 105-277.3. Failure to maintain
26 the requirements of this subsection for a period of three years after the date
27 the building or structure was originally classified as a bona fide purpose
28 pursuant to this subdivision shall subject the building or structure to applicable
29 zoning and development regulation ordinances adopted by a county pursuant
30 to subsection (a) of this section in effect on the date the property no longer
31 meets the requirements of this subsection. For purposes of this section,
32 "agritourism" means any activity carried out on a farm or ranch that allows
33 members of the general public, for recreational, entertainment, or educational
34 purposes, to view or enjoy rural activities, including farming, ranching,
35 historic, cultural, harvest-your-own activities, hunting, fishing, equestrian
36 activities, or natural activities and attractions. For purposes of this section,
37 "agritourism" also includes shooting sports on properties that are located in a
38 county with a population of fewer than 110,000 people according to the most
39 recent decennial census and that comply with guidelines for design and
40 evaluation as established by the Wildlife Resources Commission. A majority
41 vote of the board of county commissioners shall be required to determine
42 whether a property used for shooting sports is in compliance with the
43 guidelines adopted by the Wildlife Resources Commission. A building or
44 structure used for agritourism includes any building or structure used for
45 public or private events, including, but not limited to, weddings, receptions,
46 meetings, demonstrations of farm activities, meals, and other events that are
47 taking place on the farm because of its farm or rural setting."

48 **SECTION 20.(c)** Article 6 of Chapter 153A of the General Statutes is amended by
49 adding a new section to read:

50 **§ 153A-145.8. Limitations on regulation of catering by bona fide farms.**

1 Notwithstanding any other provision of law, no county may require a business located on a
2 property used for bona fide farm purposes, as provided in G.S. 153A-340(b), that provides
3 catering services on- and off-site from the bona fide farm property, to obtain a permit to provide
4 catering services within the county. This section shall not be construed to exempt the business
5 from any health and safety rules adopted by a local health department, the Department of Health
6 and Human Services, or the Commission for Public Health."

7 **SECTION 20.(d)** Article 8 of Chapter 160A of the General Statutes is amended by
8 adding a new section to read:

9 **"§ 160A-203.2. Limitations on regulation of catering by bona fide farms.**

10 Notwithstanding any other provision of law, no city may require a business located on a
11 property used for bona fide farm purposes, as provided in G.S. 153A-340(b), that provides
12 catering services on- and off-site from the bona fide farm property, to obtain a permit to provide
13 catering services within the city. This section shall not be construed to exempt the business from
14 any health and safety rules adopted by a local health department, the Department of Health and
15 Human Services, or the Commission for Public Health."

16 **SECTION 20.(e)** This section is effective when it becomes law. Subsections (a) and
17 (b) of this section shall not be construed to affect any existing agreement or settlement with a
18 local government, any permit or zoning decision previously issued by a local government, or any
19 pending or ongoing litigation.

20
21 **ENACT THE NORTH CAROLINA SWEETPOTATO ACT FOR THE PROMOTION OF**
22 **NORTH CAROLINA SWEETPOTATOES**

23 **SECTION 21.** Chapter 106 of the General Statutes is amended by adding a new
24 Article to read:

25 "Article 87.

26 "North Carolina Sweetpotato Act.

27 **"§ 106-1065. Title.**

28 This Article shall be known and may be cited as the "North Carolina Sweetpotato Act of
29 2019."

30 **"§ 106-1066. Definitions.**

31 As used in this Article:

- 32 (1) "Commissioner" means the Commissioner of the Department of Agriculture
33 and Consumer Services.
34 (2) "Department" means the Department of Agriculture and Consumer Services.
35 (3) "Person" means an individual, partnership, corporation, association, or any
36 other legal entity.
37 (4) "North Carolina Sweetpotato Advisory Council" means the advisory council
38 established pursuant to G.S. 106-1070.

39 **"§ 106-1067. North Carolina sweetpotato brand.**

40 Only sweetpotatoes that are grown in the State of North Carolina may be identified, classified,
41 packaged, labeled, or otherwise designated for sale inside or outside the State as North Carolina
42 sweetpotatoes.

43 **"§ 106-1068. Powers of Commissioner to regulate and promote North Carolina**
44 **sweetpotatoes.**

45 (a) The Commissioner of Agriculture may take all actions necessary and appropriate to
46 create, register, license, promote, and protect a trademark for use on or in connection with the
47 sale or promotion of North Carolina sweetpotatoes and products containing North Carolina
48 sweetpotatoes. The Commissioner may impose and collect a reasonable royalty or license fee per
49 hundredweight of sweetpotatoes for the use of such trademark on products containing North
50 Carolina sweetpotatoes or the packaging containing such sweetpotato products. The
51 Commissioner shall determine the fee in consultation with representatives of the sweetpotato

1 industry and the Marketing Division of the Department of Agriculture and Consumer Services.
 2 The Commissioner shall remit all royalties and license fees received from this Article, less any
 3 costs associated with monitoring the use of the trademark, prohibiting the unlawful or
 4 unauthorized use of the trademark, and enforcing rights in the trademark, to the North Carolina
 5 SweetPotato Commission for the promotion of North Carolina sweetpotatoes.

6 (b) The Board of Agriculture may adopt rules that may include, but are not limited to,
 7 quality standards, grades, packing, handling, labeling, and marketing practices for the marketing
 8 of sweetpotatoes in this State, and such other rules as are necessary to administer this Article.
 9 The Board of Agriculture may also adopt rules establishing a registration, inspection, and
 10 verification program for the production and marketing of North Carolina sweetpotatoes in this
 11 State. All North Carolina sweetpotatoes sold shall conform to the prescribed standards and grades
 12 and shall be labeled accordingly.

13 (c) The Commissioner and the Commissioner's agents and employees may enter any
 14 premises or other property where sweetpotatoes are produced, stored, sold, offered for sale,
 15 packaged for sale, transported, or delivered to inspect the sweetpotatoes for the purpose of
 16 enforcing the provisions of this Article and the rules adopted under this Article.

17 **"§ 106-1069. Standards for grades.**

18 The most recent standards for grades adopted by the United States Department of Agriculture,
 19 Agricultural Marketing Service, United States Standards for Grades of Sweet Potatoes are
 20 adopted by reference and shall be the standards for grades in this State, except that the
 21 Commissioner may establish tolerances or allowable percentages of United States standards each
 22 season upon the recommendation of the North Carolina Sweetpotato Advisory Council.

23 **"§ 106-1070. North Carolina Sweetpotato Advisory Council.**

24 The Commissioner shall appoint a North Carolina Sweetpotato Advisory Council, to consist
 25 of individuals involved in growing, packing, or growing and packing North Carolina
 26 sweetpotatoes; at least one sweetpotato processor; at least one sweetpotato retailer; at least one
 27 county cooperative extension agent familiar with the production of North Carolina
 28 sweetpotatoes; and any other person or persons selected by the Commissioner, for the purpose
 29 of rendering advice upon his or her request regarding the exercise of the Commissioner's
 30 authority pursuant to G.S. 106-1068. Members of the North Carolina Sweetpotato Advisory
 31 Council shall receive no compensation for their service."

32
 33 **SOIL AND WATER CONSERVATION JOB APPROVAL AUTHORITY**

34 **SECTION 22.(a)** G.S. 89C-25 reads as rewritten:

35 **"§ 89C-25. Limitations on application of Chapter.**

36 This Chapter shall not prevent the following activities:

37 ...

- 38 (6) Practice by members of the Armed Forces of the United States; employees of
 39 the government of the United States while engaged in the practice of
 40 engineering or land surveying solely for the government on
 41 government-owned works and projects; or practice by those employees of the
 42 Natural Resources Conservation Service, county employees, ~~or~~ employees of
 43 the Soil and Water Conservation ~~Districts~~-Districts, or employees of the
 44 Division of Soil and Water Conservation of the Department of Agriculture
 45 and Consumer Services who have ~~federal~~-engineering job approval authority
 46 issued by the Natural Resources Conservation Service or the Soil and Water
 47 Conservation Commission that involves the planning, designing, or
 48 implementation of best management practices on agricultural ~~lands~~-lands, or
 49 for the planning, designing, or implementation of best management practices
 50 approved for cost-share funding pursuant to programs identified in
 51 G.S. 139-4(d)(9).

1"

2 **SECTION 22.(b)** G.S. 139-3 is amended by adding a new subdivision to read:

3 "(19) "Job approval authority" means the authority granted by the Commission to
4 Soil and Water Conservation District staff or employees of the Division of
5 Soil and Water Conservation of the Department of Agriculture and Consumer
6 Services who have demonstrated the appropriate knowledge, skill, and ability
7 to plan, design, and certify the installation of best management practices
8 approved for cost-share funding pursuant to programs identified in
9 G.S. 139-4(d)(9)."

10 **SECTION 22.(c)** G.S. 139-4 reads as rewritten:

11 **"§ 139-4. Powers and duties of Soil and Water Conservation Commission generally.**

12 (a) through (c) Repealed by Session Laws 1973, c. 1262, s. 38.

13 (d) In addition to the duties and powers hereinafter conferred upon the Soil and Water
14 Conservation Commission, it shall have the following duties and powers:

15 ...

16 (14) To develop and implement a program for granting job approval authority to
17 Soil and Water Conservation District staff and employees of the Division of
18 Soil and Water Conservation of the Department of Agriculture and Consumer
19 Services to plan, design, and certify the installation of best management
20 practices approved for cost-share funding pursuant to programs identified in
21 G.S. 139-4(d)(9).

22"

23 PRESENT-USE VALUE DISQUALIFICATION EVENT NOTIFICATION

24 **SECTION 23.(a)** G.S. 105-277.4 reads as rewritten:

25 **"§ 105-277.4. Agricultural, horticultural and forestland – Application; appraisal at use**
26 **value; notice and appeal; deferred taxes.**

27 ...

28 (b1) Notice and Appeal. – If the assessor determines that the property loses its eligibility
29 for present-use value classification for a reason other than failure to file a timely application
30 required due to transfer of the land, the assessor shall provide written notice of the decision as
31 required by G.S. 105-296(i). The notice shall include the property's tax identification number,
32 the specific reason for the disqualification, and the date of the decision. Decisions of the assessor
33 regarding the qualification or appraisal of property under this section may be appealed to the
34 county board of equalization and review or, if that board is not in session, to the board of county
35 commissioners. An appeal must be made within 60 days after date of the written notice of the
36 decision of the assessor. If an owner submits additional information to the assessor pursuant to
37 G.S. 105-296(j), the appeal must be made within 60 days after the assessor's decision based on
38 the additional information. Decisions of the county board may be appealed to the Property Tax
39 Commission.

40 A new appeal to a decision of the assessor regarding the disqualification of property for which
41 notice was received is not required to be submitted for subsequent tax years while the appeal of
42 that disqualifying event is outstanding. When a property's present-use value classification is
43 reinstated upon appeal of the disqualifying event, it is reinstated retroactive to the date the
44 classification was revoked, as provided under G.S. 105-296(j).

45 If, while an assessor's decision that a property has lost its eligibility for present-use value
46 classification is under appeal to the county board or to the Property Tax Commission, the assessor
47 determines that the property is no longer eligible for present-use value classification because of
48 an additional disqualifying event independent of the one that is the basis of the disqualification
49 under appeal, the assessor shall follow the notice and appeal procedure set forth in this subsection
50 with regard to the subsequent disqualification.
51

1"

2 SECTION 23.(b) This section is effective when it becomes law.

3
4 **CHANGE NAME OF FOOD PROCESSING INNOVATION CENTER COMMITTEE**

5 SECTION 24.(a) Section 10.24(a) of S.L. 2017-57 reads as rewritten:

6 "SECTION 10.24.(a) There is created the ~~Food Processing Innovation Center North~~
7 Carolina Food Innovation Lab Committee (Committee), which shall be located administratively
8 in the Department of Agriculture and Consumer Services. The Committee shall consist of 14
9 members, including:

10"

11 SECTION 24.(b) Section 10.24(h) of S.L. 2017-57 reads as rewritten:

12 "SECTION 10.24.(h) This section expires January 1, ~~2025-2020.~~"

13
14 **SOIL AND WATER CONSERVATION CONFIDENTIALITY CHANGE**

15 SECTION 25.(a) Article 1 of Chapter 139 of the General Statutes is amended by
16 adding a new section to read:

17 "**§ 139-8.2. Certain information confidential.**

18 (a) All information that is collected by soil and water conservation districts from farm
19 owners, animal owners, agricultural producers or owners of agricultural land that is confidential
20 under federal or State law shall be held confidential by the soil and water conservation districts,
21 including:

22 (1) Information provided by an agricultural producer or owner of agricultural land
23 concerning the agricultural operation, farming or conservation practices, or
24 the land itself, in order to participate in soil and water conservation programs.

25 (2) Geospatial information otherwise maintained by the district about agricultural
26 lands or operations for which information described in subdivision (1) of this
27 subsection is provided.

28 (b) This section shall not include applications for cost-share assistance and associated
29 contract documents that require the approval of the soil and water conservation district or the
30 Soil and Water Conservation Commission."

31 SECTION 25.(b) This section becomes effective October 1, 2019.

32
33 **CLARIFY PERMITTING FOR CERTAIN SWINE FARM MODIFICATIONS**

34 SECTION 27. G.S. 143-215.10I reads as rewritten:

35 "**§ 143-215.10I. Performance standards for animal waste management systems that serve**
36 **swine farms; lagoon and sprayfield systems prohibited.**

37 (a) As used in this section:

38 (1) "Anaerobic lagoon" means a lagoon that treats waste by converting it into
39 carbon dioxide, methane, ammonia, and other gaseous compounds; organic
40 acids; and cell tissue through an anaerobic process.

41 (2) "Anaerobic process" means a biological treatment process that occurs in the
42 absence of dissolved oxygen.

43 (3) "Lagoon" has the same meaning as in G.S. 106-802.

44 (4) "Swine farm" has the same meaning as in G.S. 106-802.

45 (b) The Commission shall not issue or modify a permit to authorize the construction,
46 operation, or expansion of an animal waste management system that serves a swine farm that
47 employs an anaerobic lagoon as the primary method of treatment and land application of waste
48 by means of a sprayfield as the primary method of waste disposal. ~~The Commission may issue a~~
49 ~~permit for the construction, operation, or expansion of an animal waste management system that~~
50 ~~serves a swine farm under this Article only if the Commission determines that the animal waste~~

1 management system will meet or exceed all of the following performance standards: disposal
2 unless:

- 3 (1) The permitting action does not result in an increase in the permitted capacity
4 of the swine farm, as measured by the annual steady state live weight capacity
5 of the swine farm; or
6 (2) The Commission determines that the animal waste management system will
7 meet or exceed all of the following performance standards:
8 ~~(1)~~a. Eliminate the discharge of animal waste to surface water and
9 groundwater through direct discharge, seepage, or runoff.
10 ~~(2)~~b. Substantially eliminate atmospheric emission of ammonia.
11 ~~(3)~~c. Substantially eliminate the emission of odor that is detectable beyond
12 the boundaries of the parcel or tract of land on which the swine farm
13 is located.
14 ~~(4)~~d. Substantially eliminate the release of disease-transmitting vectors and
15 airborne pathogens.
16 ~~(5)~~e. Substantially eliminate nutrient and heavy metal contamination of soil
17 and groundwater."
18

19 PREVENT GRANT FUNDING DUPLICATION

20 SECTION 28.(a) G.S. 143-215.71 reads as rewritten:

21 "§ 143-215.71. Purposes for which grants may be requested.

22 (a) Applications for grants may be made for the nonfederal share of water resources
23 development projects for the following purposes in amounts not to exceed the percentage of the
24 nonfederal costs indicated:

- 25 ...
26 (8) Projects that are part of the Environmental Quality Incentives Program – one
27 hundred percent (100%).

28 (b) Notwithstanding subdivision (8) of subsection (a) of this section, projects that are part
29 of the Environmental Quality Incentives Program are ineligible for funding under this Part if they
30 receive funding from the Clean Water Management Trust Fund established in
31 G.S. 143B-135.234."

32 SECTION 28.(b) G.S. 143B-135.238(d) reads as rewritten:

33 "(d) Restriction. – No grant shall be awarded under this Part for any of the following
34 purposes:

- 35 (1) ~~to~~ To satisfy compensatory mitigation requirements under 33 USC § 1344 or
36 G.S. 143-214.11.
37 (2) To any project receiving State funds authorized by G.S. 143-215.71 for the
38 nonfederal share of a grant under the Environmental Quality Incentives
39 Program."

40 SECTION 28.(c) The Department of Environmental Quality and the Department of
41 Natural and Cultural Resources shall jointly report to the Joint Legislative Oversight Committee
42 on Agriculture and Natural and Economic Resources no later than September 30, 2019, regarding
43 funding overlaps between water resources development grant funding and Clean Water
44 Management Trust Fund grants for Environmental Quality Incentives Program funding for the
45 Western Stream Initiative and the efforts of both Departments to improve administration of State
46 grants for that program.
47

48 IMPROVE PERFORMANCE MANAGEMENT OF STATE GRANT FUNDS

49 SECTION 29.(a) The Department of Environmental Quality shall develop
50 performance management procedures for projects funded as part of the Western Stream Initiative.

1 These procedures shall include, at a minimum, the collection and reporting of the following
2 measures for all projects receiving grant funding:

- 3 (1) Time to issue and act upon grant applications.
- 4 (2) Time to process requests for payment.
- 5 (3) Cost per grant administered.
- 6 (4) Number of applicants reviewed, approved, and denied.
- 7 (5) Number of grants administered.
- 8 (6) Total grant dollars administered.
- 9 (7) Total project cost for each project, including all funding sources, broken out
10 into the following categories:
 - 11 a. Permitting cost.
 - 12 b. Site assessment, design, and engineering.
 - 13 c. Management and engineering.
- 14 (8) Total linear feet of stream restored in each year.
- 15 (9) Cost per linear foot of restored stream.
- 16 (10) Reduction in sediment loading achieved.

17 **SECTION 29.(b)** The Department of Natural and Cultural Resources shall provide
18 to the Department of Environmental Quality all of the measures set forth in subsection (a) of this
19 section that are relevant to funding for the Western Stream Initiative provided by the Clean Water
20 Management Trust Fund.

21 **SECTION 29.(c)** G.S. 143-215.72(d) is amended by adding a new subdivision to
22 read:

23 "(3) The Department shall annually report no later than November 1 to the Joint
24 Legislative Oversight Committee on Agriculture and Natural and Economic
25 Resources and the Fiscal Research Division regarding grants for projects
26 funded through the Western Stream Initiative. The report shall include
27 measures of grant administration and grant implementation efficiency and
28 effectiveness. For purposes of this subdivision, the "Western Stream
29 Initiative" refers to the portion of federal Environmental Quality Incentives
30 Program funding provided to the Western North Carolina Stream Initiative for
31 the counties of Alexander, Alleghany, Ashe, Avery, Buncombe, Burke,
32 Caldwell, Catawba, Cherokee, Clay, Cleveland, Graham, Haywood,
33 Henderson, Iredell, Jackson, Lincoln, Macon, Madison, McDowell, Mitchell,
34 Polk, Rutherford, Stokes, Surry, Swain, Transylvania, Watauga, Wilkes,
35 Yadkin, and Yancey."

36 37 **AGRICULTURE AND FORESTRY AWARENESS DAIRY STUDY**

38 **SECTION 30.** The Agriculture and Forestry Awareness Study Commission shall
39 study policy options available to support the dairy industry in North Carolina, including, but not
40 limited to, the reestablishment of the North Carolina Milk Commission, the creation of a tax
41 credit for milk producers, the creation of a fund to make grants or loans to dairy operations for
42 infrastructure improvements, and the creation of a dairy promotion board or other marketing
43 program for North Carolina dairies within the Department of Agriculture and Consumer Services.
44 The Department of Agriculture and Consumer Services shall assist the Commission in the
45 conduct of the study as requested by the Commission. The Commission shall report its findings
46 and recommendations, including any legislative proposals, to the General Assembly by May 1,
47 2020.

48 49 **SEVERABILITY CLAUSE AND EFFECTIVE DATE**

50 **SECTION 31.(a)** If any provision of this act or the application thereof to any person
51 or circumstances is held invalid, such invalidity shall not affect other provisions or applications

1 of this act that can be given effect without the invalid provision or application, and, to this end,
2 the provisions of this act are declared to be severable.
3 **SECTION 31.(b)** Except as otherwise provided, this act is effective when it becomes
4 law.