

**KENTUCKY DEPARTMENT OF AGRICULTURE
INDUSTRIAL HEMP RESEARCH PILOT PROGRAM**

2017 POLICY GUIDE

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Ryan F. Quarles
Commissioner



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Kentucky Department of Agriculture

October 11, 2016

My Fellow Kentuckians,

Today I am proud to announce the Kentucky Department of Agriculture's release of our new *Industrial Hemp Research Pilot Program 2017 Policy Guide*. Today's announcement marks the culmination of several months of diligent work on the part of the Department's dedicated team of industrial hemp research pilot program employees. I thank them for everything they have done, and continue to do, to make Kentucky's Industrial Hemp Research Pilot Program the success that it is.

I also want to recognize the pioneering work of the previous administration, led by former Commissioner James Comer, in building Kentucky's research pilot program from the ground up. Thanks to his leadership, in the course of just three years Kentucky's hemp production went from zero to more than 2,300 acres planted in the 2016 growing season. This rapid growth is a tremendous achievement, and I appreciate his team for their work in making it possible.

Additionally, I thank the members of Kentucky's Congressional delegation for their continued support for Kentucky's hemp growers and processors. Numerous members of the Kentucky General Assembly have also been instrumental in hemp's success here in Kentucky.

As your Commissioner of Agriculture, my strategic objective is to expand and strengthen Kentucky's research pilot program so that if the federal government chooses to remove industrial hemp from the list of controlled substances, the Commonwealth's growers and processors will be positioned to thrive, prosper and ultimately prevail as national leaders in industrial hemp production. This crop is one of many potential alternative crops that KDA is researching as economic development options for our farmers and agribusinesses. If you're interested in learning about our other alternative crops, please visit the KDA website at www.kyagr.com.

The application period for the 2017 growing season begins today. Several months ago, I directed a team of Department employees to undertake a complete review of Kentucky's research pilot program. The purpose of this review was to identify ways that we could strengthen our program, and lay a solid foundation for future growth, as we transition into our fourth year. An essential component of this process was the search for lessons we can learn from our experiences in the program's first three growing seasons.

At the outset of this review process, I laid down several key principles to guide the review team's work. First, we must do everything we can to support and empower Kentucky's expanding community of industrial hemp growers and processors. This commitment includes allowing our program participants to experiment with all of this versatile crop's components—not just the grains and fibers whose utility was known to previous generations—so that we may learn as much as we can about its economic potential.

Freedom, flexibility and latitude to try new methods and applications are essential to the success of any agricultural research pilot program. Kentucky's Industrial Hemp Research Pilot Program is no different.

Second, the Department must work closely with federal, state and local law enforcement officials to devise and oversee a research pilot program that encourages continued expansion of industrial hemp production while also effectively upholding laws prohibiting marijuana and other illegal drugs.

Third, we must look for ways to eliminate redundant requirements and tasks that place administrative burdens on growers, processors and Department staff. Streamlining our policies and procedures also will promote transparency and ensure a level playing field for those who wish to participate in Kentucky's research pilot program.

We have prepared this *Policy Guide* with these three principles in mind. We hope that it will prove useful for Kentucky's growers and processors, law enforcement officials, Department employees, and interested members of the public as we continue to investigate and research a crop that connects Kentucky's past to its future. As always, we welcome your comments, questions and concerns, and we invite you to join us in helping Kentucky and its citizens secure a prosperous future with this promising agricultural crop that connects our state's past to our future.

Sincerely,



Ryan F. Quarles
Commissioner
Kentucky Department of Agriculture

I. POLICIES AND PROCEDURES FOR THE 2017 GROWING SEASON

A. Program Overview

The Kentucky Department of Agriculture (KDA) is conducting an Industrial Hemp Research Pilot Program (IHRPP) as authorized by 7 U.S.C. § 5940 (also known as Section 7606 of the 2014 Farm Bill).

7 U.S.C. § 5940 defines industrial hemp as “the plant *Cannabis sativa* L. and any part of such plant, whether growing or not, with a delta-9 tetrahydrocannabinol [THC] concentration of not more than 0.3 percent on a dry weight basis.” Outside of the KDA IHRPP or another 7 U.S.C. § 5940 program, industrial hemp is listed under 21 U.S.C. § 801 *et seq.* as a Schedule 1 Controlled Substance. As such, it is illegal to grow industrial hemp in Kentucky outside the auspices of KDA’s IHRPP.

The KDA has chosen to research industrial hemp because of the intense interest and enthusiasm across the Commonwealth for this historic crop. The Department seeks to build a body of knowledge on hemp agronomics that will lay a solid foundation for a thriving industry should hemp be removed from the federal government’s list of controlled substances.

Kentucky farmers seeking an agricultural crop for inclusion in crop rotation plans or as a replacement crop may find that industrial hemp is a viable option. To date over 40 processors have been admitted into the KDA pilot program and are developing infrastructure with sufficient capacity to process hemp grown by farmers all across Kentucky. In the first year of the program, farmers planted 33 acres and succeeded with a modest harvest. In 2015, over 900 acres were planted and about 500 were successfully harvested. As KDA nears the end of the 2016 season, we have reports of over 2,300 acres planted. KDA will be working closely with University of Kentucky researchers to interpret the 2016 season’s growing data.

KDA expects the 2017 growing season to be even larger than in previous years. With that growth will come greater demands for staff time and funds for application review, program administration, travel costs, sample collection and THC testing, and other IHRPP-related tasks.

As the financial costs associated with the IHRPP continue to rise commensurate with its expansion, it has become very difficult for KDA to cover all of the program’s expenses within its current resource constraints. In order to permit sustained program growth, KDA will implement application and participation fees in the new program year. These fees will enable KDA to pay for some program expenses such as site visits, sample collection, THC testing, pesticide residue testing, staff time, and program administration.

Industrial hemp has at least three main harvestable components (grain, fiber, and floral material); each of these components is grown with different agricultural models and harvested with different methods. Because participant research is in its early stages, there remains much for us to learn. Given these uncertainties, please be mindful that there is high risk of financial or other loss at this early stage in the program. KDA does not offer any financial assistance to IHRPP participants. Approved participants must either use their own money or raise their own capital to grow or process hemp.

Of course, those participants that have successfully harvested a crop may sell their harvest subject to KDA IHRPP requirements. Growers may sell to processors in the KDA program, and processed hemp may be sold outside the KDA program. Materials eligible for sale outside the program include denuded whole stalks, bast or hurd fibers, dehulled or crushed grain, and extracted phytocannabinoid compounds (excluding THC) from floral material. For a complete list of harvested industrial hemp components that are eligible for in-program and out-of-program transfers, please see the *2017 Transfer Requirements* document on the KDA website at www.kyagr.com/hemp.

Individuals and companies who wish to be considered for participation in the IHRPP as a grower, processor or handler must submit the KDA Industrial Hemp Research Pilot Program *Grower Application* or *Processor/Handler Application* for 2017 prior to the applicable deadline.

KDA also encourages universities and colleges to conduct industrial hemp research. Institutions of higher education are authorized by 7 U.S.C. § 5940 to conduct hemp research, but the law also requires that the growing sites at universities and colleges be certified and registered with the state department of agriculture. Therefore, universities and colleges who plan to research industrial hemp are required to affiliate with the KDA pilot program by completing the *University/College Affiliation* form for 2017.

The remainder of this guide outlines the current policies and procedures for growers, processors and handlers, and universities and colleges wishing to participate in the 2017 program. These policies are subject to updates and revisions in the sole discretion of KDA.

B. Policies and Procedures for Hemp Growers

1. Who Must Apply to Participate as a Grower

The 2017 *Grower Application* must be completed by any company or individual (other than colleges or universities) who wishes to participate in the Kentucky Industrial Hemp Research Pilot Program by researching the growth of industrial hemp plants in Kentucky. KDA is proud to offer this unique partnership opportunity for Kentucky farmers. Farmers should plan to complete their own applications, rather than allowing a processor to complete the application on their behalf.

Outside of the KDA IHRPP or another 7 U.S.C. § 5940 program, industrial hemp is listed under 21 U.S.C. § 801 *et seq.* as a Schedule 1 Controlled Substance. As such, it is illegal to grow industrial hemp in Kentucky outside the auspices of KDA's IHRPP.

2. Applications –Deadlines, Key Contents

a. Release Date and Deadline Date

KDA will release and post on its website the 2017 *Grower Application Packet* on October 11, 2016. Grower applications must be postmarked or received by the KDA Marketing Office no later than November 14, 2016, at 4:30 PM Eastern Time (ET). Applications postmarked or hand delivered after that time will not be considered. Email submissions will not be accepted because the payment for the application fee must be attached to the application.

b. Application fee

Each applicant must submit a nonrefundable application fee of \$50 with the applicant's *Grower Application*. The fee should be in the form of a check or money order made payable to the Kentucky State Treasurer. This fee does not include the cost of required criminal background checks, which is to be paid by the applicant to the Kentucky State Police.

c. Application components

To be considered as a pilot program participant, an applicant must submit the following information as required on the *Grower Application* form:

- Applicant's contact information, including a copy of current driver's license.
- Full names of each individual who will be primarily responsible for the growing or handling of the applicant's hemp.
- Research Plan, including a proposed number of acres (or square feet, for greenhouses) to be planted.
- Declaration of previous farming experience.
- Seed/Propagule Acquisition Plan, including source of seed/propagules.
- Address and GPS coordinates of each site (field, greenhouse or building) where hemp will be grown or stored.
- Map(s) depicting each site where hemp will be grown or stored, and designating entrances, field boundaries and specific points where GPS coordinates were taken.

- Marketing Plan, including a “letter of intent” from processor(s), if not self-processing. (Note: If processing, a separate *Processor/Handler Application* is required.)
- Consent to all statements in the Acknowledgments Section in the *Grower Application*.

d. Criminal Background Check

Each person who is designated as a signing authority in the application must undergo a criminal background check. Each person must complete and submit to the Kentucky State Police a background check request. Applicants are responsible for payment of background check costs. Following the completion of the criminal background check, the applicant must either (a) attach a copy of the report to the *Grower Application* or (b) arrange for the Kentucky State Police to mail a copy of the report directly to KDA Hemp Staff. Criminal background check reports must be received by KDA Hemp Staff on or before November 28, 2016. Late or missing submissions shall be grounds to disqualify the application from consideration.

e. Conflicts of Interest Policy

KDA employees are not eligible to participate in the IHRPP. Family members of KDA employees are eligible to participate, subject to the restrictions imposed by KRS Chapter 11A. KDA employees must not participate in or attempt to influence any decision regarding themselves or their family members. KDA employees may not interview, recommend, or approve family members for participation in the IHRPP. When a KDA employee becomes aware that a family member is making or has made an application to participate in the IHRPP, the KDA employee must submit a written statement attesting that: “I am aware that my family member, (family member name/and or business name), has applied to participate in the KDA’s Industrial Hemp Research Pilot Program. I attest that I have no ownership interest or other involvement with (family member)’s farming or other business interests. I agree that I must not be involved in the KDA’s decisions concerning (family member) and that I must recuse myself from any involvement in such decisions.”

After considering the KDA employee’s written statement and other pertinent information, KDA’s General Counsel or his designee will determine whether the KDA employee’s family member’s participation in the IHRPP would constitute a violation of KRS Chapter 11A. If the KDA employee’s family member’s participation would constitute such a violation, then the KDA employee’s family member will not be permitted to participate in the IHRPP.

3. Criteria for Evaluating Grower Applications

For each application, KDA’s Hemp Staff will perform an evaluation. Conditional approval/denial determinations shall be communicated by email or letter. The date of the email or letter shall serve as the “notification date” for purposes of any appeal. The following questions shall be considered for each grower applicant.

- Did the applicant submit a complete application with all required components and attachments?
 - Research plan;

- Seed/propagule acquisition plan, identifying seed source;
 - Marketing plan, including a “letter of intent” from processor(s);
 - Maps, with all required labeling; and
 - All attachments listed in the Attachments section of the *Grower Application*.
- Would the applicant’s participation avoid violation of KRS Chapter 11A?
 - If a 2016 Participant, did the applicant submit a complete *Production Report* for 2016?
 - Did the applicant submit the required nonrefundable application fee?
 - Does the place of residence stated on the application match the address listed on the applicant’s driver’s license?
 - Does the applicant have sufficient growing experience (i.e., by filing an IRS Schedule F federal tax form at least once within the past three years, having an FSN [Farm Serial Number with the USDA Farm Service Agency], or other sufficient indicia)?
 - Are applicant’s growing and storage sites located in Kentucky?
 - Is the applicant’s place of residence within 50 miles of the site(s) where applicant plans to grow or store hemp?
 - Does the criminal background check(s) report indicate no felony convictions within the past ten (10) years?
 - Does the criminal background check(s) report indicate no drug-related misdemeanor convictions within the past ten (10) years?
 - Is the applicant’s research plan compliant with KDA Program Policies, and state and federal law?
 - Does the applicant have a seed/propagule acquisition plan?
 - Does the applicant have a marketing plan? Is a letter of intent from a buyer or processor included?
 - In the past, has the applicant demonstrated a willingness to comply with KDA rules, guidelines, required reporting, and instructions from KDA Hemp Staff, and instructions from Kentucky State Police and other law enforcement offices?

4. Appeals

An applicant who wishes to appeal the KDA Hemp Staff’s denial of his or her application may, within 20 days of the notification date, submit a written request for a hearing. Applicants must mail hearing request letters to KDA Industrial Hemp Research Pilot Program, 111 Corporate Drive, Frankfort, KY 40601. KDA recommends that applicants use certified mail, return receipt requested, when submitting their written requests for a hearing.

The hearing will be conducted by the KDA IHRPP Appeals Panel, a three-person panel whose members will be designated by the Commissioner. The IHRPP Appeals Panel will include at least one person who is a KDA employee and at least one person who is not a KDA employee. The panel will not accept or consider information or documents that were not compliant with deadlines defined in this Policy Guide. The IHRPP Appeals Panel will use the same standards and criteria that were used by the KDA Hemp Staff in the initial application assessment. The IHRPP Appeals Panel will determine if the KDA Hemp Staff acted arbitrarily or capriciously in the initial application assessment.

Hearings will be open to the public. Hearings will occur at a time and date and location designated by the Commissioner. Appealing applicants must appear in person for their assigned hearing time. Failure to appear on time will be cause for dismissal of the appeal.

At the hearing, the appealing applicant will be allowed up to 15 minutes to present arguments for reversing the KDA Hemp Staff's denial. KDA Hemp Staff will be allowed up to 15 minutes to present arguments for affirming the denial. Following the presentations, the members of the IHRPP Appeals Panel will rule on the appeal by majority vote.

The decision of the IHRPP Appeals Panel will be final and not subject to additional review or subsequent appeal.

5. Terms and Conditions of Grower Participation

Individuals whose applications receive conditional approval will receive a *Memorandum of Understanding* and a *Participant Agreement* form from KDA Hemp Staff. These documents set forth terms and conditions governing participation in the research pilot program. Applicants who have received conditional approval should review these two documents prior to attending the mandatory orientation session at KDA's offices. No applicant is a part of KDA's Industrial Hemp Research Pilot Program until these two documents have been executed at the mandatory orientation session.

Upon request from KDA Hemp Staff, Kentucky State Police, or other state or local law enforcement officers, participants must immediately produce a copy of their *Memorandum of Understanding* and *Participant Agreement* form for inspection. Failure to comply may result in revocation of the MOU.

Failure to agree or comply with the terms and conditions set forth in the *Memorandum of Understanding*, the *Participant Agreement* form or this *Policy Guide* will constitute grounds for appropriate action, up to and including a participant's expulsion from the research pilot program. These terms and conditions include, without limitation:

- Acknowledgment that participants are acting as agents of KDA and must comply with all instructions from KDA Hemp Staff, Kentucky State Police, and other state and local law enforcement.
- Acknowledgment that participant shall pay all applicable program fees in the amounts specified below.
- Consent to entry onto all premises where hemp plants or materials are located by KDA Hemp Staff, Kentucky State Police officers, or other law enforcement officers, with or without cause, with or without advance notice, for inspection, sampling, testing or any other purpose.
- Consent to the forfeiture or destruction, without compensation, of hemp material found to have a measured delta-9 THC content of more than 0.3 percent on a dry weight basis as measured from samples collected by KDA.
- Acknowledgment that participants must obtain prior written approval from KDA Hemp Staff before implementing any changes to the research focus (e.g., fiber, grain, floral material, or replication) stated in the participant's *Memorandum of Understanding*.

- Acknowledgment that participants must obtain prior written approval from KDA Hemp Staff before implementing any changes to the growing sites (additional addresses, or changes or additions to field or greenhouse GPS coordinates) stated in the participant's *Memorandum of Understanding*, and that such changes are subject to a Site Modification Surcharge of \$500 per site.
- Acknowledgment that no pesticides may be used on industrial hemp and that materials bearing pesticide residues may be forfeited or destroyed, without compensation.
- Acknowledgment that participants must comply with all restrictions on the movement of industrial hemp, as outlined in the *2017 Transfer Requirements* document.
- Acknowledgment that the risk of financial or other loss is borne solely by the participant.
- Agreement to abstain from all prohibited activities.

6. Program Fees for Growers

Beginning in 2017, KDA will assess fees to program participants. These fees will enable KDA to pay for some program expenses such as site visits, sample collection, THC testing, pesticide residue testing, staff time, and program administration. All fees are nonrefundable.

a. Participation Fees

The Participation Fee for growers will be \$350 per address. The Participation Fees must be paid during the mandatory orientation session in the form of a check or money order payable to the Kentucky State Treasurer.

b. Post-Harvest Retest or Pesticide Residue Quantification Test Fees

As will be outlined in the *THC Testing Protocol for 2017* (release date anticipated in spring 2017), post-harvest retests or pesticide residue quantification testing may be required. Initial THC testing is covered by the Participation Fee. KDA covers the cost of initial pesticide residue testing. In the event a post-harvest retest or pesticide residue quantification test is required, the participant should be prepared to pay \$150 per instance. Any Post-Harvest Retest Fee or Pesticide Residue Quantification Fee must be paid within 30 days of invoice from KDA in the form of a check or money order payable to the Kentucky State Treasurer. Please refer to the *THC Testing Protocol for 2017* for full details on retesting.

c. Site Modification Surcharge

If a participant elects to grow hemp in a field or greenhouse other than the plot(s) specified by GPS coordinates in the participant's *Memorandum of Understanding*, the participant will be required to submit a Site Modification Surcharge of \$500 for each new growing site (field or greenhouse). A new growing site is defined as any GPS location not listed on the MOU (i.e., any change to or addition of GPS coordinates at an address on the MOU, or for the addition of a new address). The Site Modification Surcharge does not apply to storage-only sites, but notification and approval is required for storage-only sites.

Participants must notify KDA Hemp Staff of their intention to use a growing site other than the site(s) specified in the *Memorandum of Understanding*. No planting in a new site is permitted without prior approval from KDA Hemp Staff. Failure to notify KDA Hemp staff, pay the required Site Modification Surcharge, or obtain written approval in advance may result in appropriate action, including expulsion from the program and the destruction of hemp materials found or grown at such sites. The Site Modification Surcharge must be paid within 30 days of invoice from KDA in the form of a check or money order payable to the Kentucky State Treasurer.

7. Seed Acquisition

Participants are prohibited from acquiring industrial hemp seeds/propagules without prior approval from the KDA Hemp Program.

Participants acquiring seeds/propagules from sources outside Kentucky must submit their acquisition requests to KDA Hemp Staff and arrange for delivery through the offices of the KDA Hemp Program. Without exception, international hemp seed imports must occur through KDA's federal Drug Enforcement Administration (DEA) permit registration via a KDA import permit. Seed acquisition requests must include documentation showing that the seed/propagule variety has a delta-9 THC content of 0.3 percent or less on a dry weight basis. KDA reserves the right to prohibit from the IHRPP any seeds/propagules for any reason.

Participants acquiring seeds/propagules directly from other IHRPP participants within Kentucky may do so without KDA Hemp Staff acting as an intermediary. However, a participant selling viable industrial hemp material to a purchaser in Kentucky must verify that the purchaser is a participant in KDA's Industrial Hemp Research Pilot Program. All in-program seed/propagule purchases, transfers, sales, and distributions must be reported to KDA by the participant before July 1, 2017.

Participants whose research includes the investigation of potential landrace varieties of industrial hemp or any other varieties of unknown heritage must contact the KDA Industrial Hemp Research Pilot Program manager to arrange for replication and testing of the variety before it may be grown in Kentucky.

8. Planting

A participant must submit to KDA Hemp Staff a completed *Field Planting Report* or *Greenhouse Planting Report* form within ten (10) days of planting. Subsequent *Greenhouse Planting Reports* are due quarterly thereafter. All planting reports must include the appropriate map with their report, and use consistent Field ID and Building ID names.

If a participant elects not to plant in an approved site, the participant must submit a *Planting Report* form on or before July 31, 2017 stating that hemp will not be planted at that site.

9. Site Verification

KDA Hemp Staff will perform spot-check inspections on a number of growing or storage sites to verify that the GPS coordinates of such locations correspond to the sites specified in the participant's MOU or *Planting Report*.

10. Access to Growing and Storage Sites

KDA Hemp Staff will communicate information about growing and storage locations to Kentucky State Police and other federal, state and local law enforcement agencies and drug suppression units. KDA Hemp Staff, Kentucky State Police, and other federal, state and local law enforcement agencies and drug suppression units may enter into any premises where hemp or hemp products are located, with or without advance notice, with or without cause. Participants have no reasonable expectation of privacy with respect to premises where hemp or hemp products are located.

11. Pesticide Use

The use of pesticides on industrial hemp plants is prohibited by all participants in the KDA IHRPP. Only properly licensed universities and colleges may research pesticide use on industrial hemp. If KDA elects to test any hemp material for pesticide residues, KDA will cover the cost of the first test. Any subsequent testing will be the responsibility of the participant.

A pesticide is any substance used to kill, repel, or control certain forms of microbial, plant or animal life that are considered to be pests. The term pesticide includes all of the following: herbicide, insecticide, insect growth regulator, nematocide, molluscicide, rodenticide, predacide, bactericide, insect repellent, animal repellent, antimicrobial, fungicide, disinfectant (antimicrobial), and sanitizer. KDA Hemp Staff may test for the presence of pesticide residues on any hemp plant or plant materials, with or without cause, with or without advance notice.

Any deviation of the manufacturer's label will be considered a violation of program rules.

12. Sample Collection

At least 15 days prior to harvesting or destroying any hemp plants, a participant must submit to KDA Hemp Staff a *Harvest/Destruction Notification Form*. KDA Hemp Staff will notify the participant of the date and approximate time when samples will be collected from the participant's plot(s) and/or greenhouse(s). KDA Hemp Staff will collect samples from each plot or greenhouse, in accordance with KDA's sampling and testing procedures. The participant or a knowledgeable representative must be present for the sample collection. Samples must be collected prior to any harvest or destruction of plants within that plot or greenhouse. KDA reserves the right to collect any number of samples at any time without cause or notice.

13. Laboratory Testing

KDA will select samples for delta-9 THC content testing in accordance with its *2017 THC Testing Protocol* (to be released in spring 2017). If harvesting floral material, the participant must wait

for THC test results prior to co-mingling of the individual plot or variety with harvested materials from different plots or varieties, or undertaking any extraction activities.

14. Transfer of Industrial Hemp Materials

Prior to transporting hemp material from the site where it was grown or stored, a participant must review and comply with the *KDA Transfer Requirements* document located on the KDA IHRPP website.

For all in-program material transfers, program participants must be prepared to produce a copy of the MOU(s) upon request by KDA Hemp Staff, the Kentucky State Police, or another law enforcement agency. The participant must ensure that a copy of the MOU accompanies the material in transit, and that the transporter possesses a document showing the address of origin and the destination address for the hemp materials being transported. If necessary, the transporter should also be prepared to produce a copy of the recipient's MOU to document the destination address.

15. Prohibited Activities for Grower MOU Holders

The activities listed below are prohibited from the KDA IHRPP. When described in a research plan, any prohibited activities will disqualify an application from approval. A current MOU holder found to be conducting or participating in any of these activities may be subject to termination of their MOU and forfeiture or destruction of all industrial hemp materials. Prohibited activities include, but are not limited to the following.

- Possessing or growing hemp plants in residential areas (indoors or outdoors).
- Using pesticides not labeled for use on industrial hemp.
- Violating the restrictions outlined in the *Transfer Requirements* document.
- Transporting live hemp plants and in-program hemp materials to unapproved locations including trade shows, county fairs, educational or other events, or any other address not listed on an MOU or within another research program.
- Allowing unsupervised public access to hemp plots, including, but not limited to, activities such as a hemp maze.
- Participating in other activities that may be deemed prohibited by KDA.

Upon request, KDA shall review and make a determination on any activity not specifically listed in the *Transfer Requirements* document or in the Prohibited Activities list.

16. Production Report

A participant must submit a completed *Production Report* form on or before December 1, 2017. The *Production Report* form is the industrial hemp research pilot program's primary method of data collection. The *Production Report* requires a report including the number of acres or square feet planted, varieties planted, production methods, production inputs, yields, sales receipts, profit/loss and other information requested by KDA. Failure to submit a fully complete and truthful *Production Report* form may result in denial to participate in the 2018 program.

17. Open Records

All documents generated in the IHRPP, including applications, agreements, forms, reports, emails, etc., and any attachments may be subject to Kentucky Open Records law (KRS 61.870 through KRS 61.884).

18. Failure to Comply with Terms and Conditions of the KDA IHRPP

Any participant who fails to comply with the terms and conditions of the KDA Industrial Hemp Research Pilot Program may be subject to expulsion or other disciplinary measures. Such determinations will be made by the IHRPP Appeals Panel, and confirmed by the Commissioner or his designee. Such determinations are final and not subject to appeal or judicial review. KDA may notify Kentucky State Police or other law enforcement agencies of a participant's noncompliance.

C. Policies and Procedures for Hemp Processors and Handlers

1. Who Must Apply to Participate as a Processor or Handler

The 2017 *Processor/Handler Application* must be completed by any company or individual who wishes to participate in the Kentucky Industrial Hemp Research Pilot Program by researching the processing or handling of raw industrial hemp materials on the company or individual's premises in Kentucky. Raw industrial hemp materials include unprocessed hemp components such as viable seeds, whole plants, and leaf and floral material. For a complete list of raw hemp materials which must remain in the research program at an approved site, refer to the "In-Program Materials" table in the *Transfer Requirements* document on the KDA hemp program website. Outside of the KDA IHRPP or another 7 U.S.C. § 5940 program, industrial hemp is listed under 21 U.S.C. § 801 *et seq.* as a Schedule 1 Controlled Substance. As such, it is illegal to possess raw industrial hemp materials in Kentucky outside the auspices of the KDA IHRPP.

"Processors" include, but are not limited to, entities acquiring raw hemp materials and processing them into products. A "small processor" is defined as any processor who sources materials from up to two (2) farmers. A "large processor" is defined as any processor who sources materials from three (3) or more farmers. "Handlers" include entities whose research plan involves the independent possession and handling or storage of raw hemp materials for any period of time on the handler's premises. Examples of handlers include seed cleaners, analytical labs, and other service providers.

If a processor's research plan involves growing industrial hemp, a separate *Grower Application* is required annually. Live plants may only be located at the site of an approved grower.

A grower conducting on-farm drying, grinding and other minor modifications to material prior to delivery to their processor is not considered a processor and would not require the *Processor/Handler Application*.

Transporters who are hired by a participant to move hemp materials from one approved site to another approved site, with no storage in between those two sites, are not required to apply.

Processors who were active participants in 2016 having an MOU that expires on or before March 31, 2017, must submit the 2017 *Processor/Handler Application* to be considered for participation in the 2017 program. Current processors having a multi-year MOU with an expiration date between January 1, 2018, and March 31, 2021, will not be required to submit the 2017 *Processor/Handler Application*; however, these processors must attend an orientation, sign an updated *Participant Agreement* form for 2017, and pay the 2017 program fees. Failure to complete these required steps for continuation may result in the termination of the existing MOU.

2. Applications – Deadlines, Key Contents

a. Release Date and Deadline Date

KDA will release and post on its website the *2017 Processor/Handler Application Packet* on October 11, 2016. Processor or handler applicants are strongly encouraged to submit their applications by the November 14, 2016, 4:30 PM Eastern Time (ET). Applications postmarked after November 14, 2016, 4:30 PM ET will not be reviewed by KDA Hemp Staff until February 2017 or later.

The final deadline for *Processor/Handler Applications* is June 1, 2017, at 4:30 PM ET; applications postmarked after that date will not be considered. Email submissions will not be accepted because the payment for the application fee must be attached to the application.

b. Application Fee

Each applicant must submit a nonrefundable application fee of \$50 with the applicant's *Processor/Handler Application*. The fee should be in the form of a check or money order made payable to the Kentucky State Treasurer. This fee does not include the cost of the required criminal background check(s), which is to be paid by the applicant to the Kentucky State Police.

c. Application Components

To be considered as a pilot program participant, an applicant must submit the following information as required on the *2017 Processor/Handler Application* form:

- Applicant's contact information, including a copy of current driver's license for applicant and each proposed signing authority.
- Full names of each individual who will be primarily responsible for the processing or handling the applicant's hemp material.
- Research plan, including the estimated quantity of hemp material to be processed annually.
- Address of each location and GPS coordinates of each building or site where hemp will be stored, processed or handled.
- Map(s) depicting each site where hemp will be processed or stored, and designating entrances and specific points where GPS coordinates were taken.
- Seed/propagule acquisition plan, including a list of proposed affiliated growers.
- Material acquisition plan, including a list of proposed affiliated growers.
- Marketing plan, including the type of products to be marketed and to whom (general class of buyers, not individual names).
- Consent to all statements in the Acknowledgments Section in the *Processor/Handler Application*.

d. Criminal Background Check

Each person who is designated as having signing authority in the application must undergo a criminal background check. Each person must complete and submit to the Kentucky

State Police a background check request. Applicants are responsible for payment of background check costs. Following the completion of the criminal background check, the applicant must either (a) attach a copy of the report to the *Processor/Handler Application* or (b) arrange for the Kentucky State Police to mail a copy of the report directly to KDA Hemp Staff. Criminal background check reports must be received by KDA Hemp Staff no later than 15 business days after the application is received by KDA. Late or missing submissions shall disqualify the application from consideration.

e. Conflicts of Interest Policy

KDA employees are not eligible to participate in the IHRPP. Family members of KDA employees are eligible to participate, subject to the restrictions imposed by KRS Chapter 11A. KDA employees must not participate in or attempt to influence any decision regarding themselves or their family members. KDA employees may not interview, recommend, or approve family members for participation in the IHRPP.

When a KDA employee becomes aware that a family member is making or has made an application to participate in the IHRPP, the KDA employee must submit a written statement attesting that: “I am aware that my family member, (family member name/and or business name), has applied to participate in the KDA’s Industrial Hemp Research Pilot Program. I attest that I have no ownership interest or other involvement with (family member)’s farming or other business interests. I agree that I must not be involved in the KDA’s decisions concerning (family member) and that I must recuse myself from any involvement in such decisions.”

After considering the KDA employee’s written statement and other pertinent information, KDA’s General Counsel or his designee will determine whether the KDA employee’s family member’s participation in the IHRPP would constitute a violation of KRS Chapter 11A. If the KDA employee’s family member’s participation would constitute such a violation, then the KDA employee’s family member will not be permitted to participate in the IHRPP.

3. Criteria for Evaluating Processor/Handler Applications

For each application, KDA’s Hemp Staff will perform an evaluation. Conditional approval/denial determinations will be communicated by email or letter. The date of the email or letter will serve as the “notification date” for the purposes of any appeal. The following questions will be considered for each processor/handler applicant.

- Did the applicant submit a complete application with all required attachments?
 - Research plan;
 - Seed/propagule acquisition plan, if applicable;
 - Material acquisition plan;
 - Marketing plan;
 - Maps, with all required labeling; and
 - All attachments listed in the Attachments Section of the *Processor/Handler Application*.
- Would the applicant’s participation avoid violation of KRS Chapter 11A?

- If a 2016 Participant, did the applicant submit a complete *Production Report* for 2016?
- Did the applicant submit the required nonrefundable application fee?
- Are all of the applicant's industrial hemp storage and processing locations for this research plan located in Kentucky?
- Are all involved business entities registered and in good standing with the Kentucky Secretary of State?
- Does the criminal background check(s) report indicate no felony convictions within the past ten (10) years?
- Does the criminal background check(s) report indicate no drug-related misdemeanor convictions within the past ten (10) years?
- Is the applicant's research plan compliant with KDA Program Policies, and state and federal law?
- Does the applicant legally require an MOU with KDA to conduct their proposed hemp research plan because the plan involves processing or handling in-program hemp materials according to the *Transfer Requirements*? (Note: Utilizing hemp materials eligible for out-of-program transfer does not require an MOU.)
- Has the applicant identified growers or a source(s) of harvested material for their research?
- If working directly with Kentucky growers, has the applicant provided letters of intent to their proposed partners for the upcoming growing season?
- Does the applicant have adequate facilities, or plans to acquire adequate facilities sufficiently soon to complete their research plan?
- Does the applicant have a marketing plan?
- In the past, has the applicant demonstrated a willingness to comply with KDA rules, guidelines, required reporting, and instructions from KDA Hemp Staff, and instructions from Kentucky State Police and other law enforcement offices?

4. Appeals

An applicant who wishes to appeal the KDA Hemp Staff's denial of his or her application may, within 20 days of the notification date, submit a written request for a hearing. KDA recommends that applicants use certified mail, return receipt requested, when submitting their written requests for a hearing.

The hearing will be conducted by the KDA IHRPP Appeals Panel, a three-person panel whose members will be designated by the Commissioner. The IHRPP Appeals Panel will include at least one person who is a KDA employee and at least one person who is not a KDA employee. The panel will not accept or consider information or documents that were not compliant with deadlines defined in this Policy Guide. The IHRPP Appeals Panel will use the same standards and criteria that were used by the KDA Hemp Staff in the initial application assessment. The IHRPP Appeals Panel will determine if the KDA Hemp Staff acted arbitrarily or capriciously in the initial application assessment.

Hearings will be open to the public. Hearings will occur at a time and date and location designated by the Commissioner. Appealing applicants must appear in person for their assigned hearing time. Failure to appear on time will be cause for dismissal of the appeal.

At the hearing, the appealing applicant will be allowed up to 15 minutes to present arguments for reversing the KDA Hemp Staff's denial. KDA Hemp Staff will be allowed up to 15 minutes to present arguments for affirming the denial. Following the presentations, the members of the IHRPP Appeals Panel will rule on the appeal by majority vote.

The decision of the IHRPP Appeals Panel will be final and not subject to additional review or subsequent appeal.

5. Terms and Conditions of Processor/Handler Participation

Individuals whose applications receive conditional approval will receive a *Memorandum of Understanding* and a *Participant Agreement* form for processors or handlers from KDA Hemp Staff. (A processor or handler with a multi-year Memorandum of Understanding in place may receive only the *Participant Agreement* form.) These documents set forth terms and conditions governing participation in the research pilot program. Applicants who have received conditional approval should review these documents prior to attending the mandatory orientation session at KDA's offices. No applicant is a part of KDA's Industrial Hemp Research Pilot Program until these two documents have been executed at the mandatory orientation session.

Upon request from KDA Hemp Staff, Kentucky State Police, or other state or law enforcement officers, participants must immediately produce a copy of their *Memorandum of Understanding* and *Participant Agreement* form for inspection. Failure to comply may result in revocation of the MOU.

Failure to agree or comply with the terms and conditions set forth in the *Memorandum of Understanding*, *Participant Agreement* form or this *Policy Document* will constitute grounds for appropriate action, up to and including a participant's expulsion from the research pilot program. These terms and conditions include, without limitation:

- Acknowledgment that participants are acting as agents of KDA and must comply with all instructions from KDA Hemp Staff, Kentucky State Police, and other state and local law enforcement.
- Acknowledgment that participant shall pay all applicable program fees in the amounts specified below.
- Consent to entry onto all premises where hemp plants or materials are located by KDA Hemp Staff, Kentucky State Police officers, or other law enforcement officers, with or without advance notice, for inspection, sampling, testing or any other purpose.
- Consent to the forfeiture or destruction, without compensation, of material found to have a measured delta-9 THC content of more than 0.3 percent on a dry weight basis. (Note: Approved KDA IHRPP testing laboratories are exempt from this requirement.)
- Acknowledgment that participants must obtain prior written approval from KDA Hemp Staff before implementing any changes to the research focus (e.g., fiber, grain, floral material) stated in the participant's *Memorandum of Understanding*.
- Acknowledgment that participants must obtain prior written approval from KDA Hemp Staff before implementing any changes to the processing sites stated in the participant's

Memorandum of Understanding, and that such changes are subject to a Site Modification Surcharge of \$500.

- Acknowledgment that no pesticides may be used on industrial hemp and that materials bearing pesticide residues may be forfeited or destroyed, without compensation.
- Acknowledgment that participants must comply with all restrictions on the movement of industrial hemp, as outlined in the *2017 Transfer Requirements* document.
- Acknowledgment that the risk of financial or other loss is borne solely by the participant.
- Agreement to abstain from all prohibited activities.

6. Program Fees for Processors/Handlers

Beginning in 2017, KDA will assess fees to program participants. These fees will enable KDA to pay for some program expenses such as site visits, sample collection, THC testing, pesticide residue testing, staff time, and program administration. All fees are nonrefundable.

a. Participation Fees

The Participation Fee for processors is tiered. The Participation Fee(s) must be paid during the mandatory orientation session in the form of a check or money order payable to the Kentucky State Treasurer.

- Small Processors and Handlers - \$400 flat fee, annually. A “small processor” is defined as any processor who sources materials from up to two (2) farmers. “Handlers” include entities whose research plan involves the independent possession and handling or storage of raw hemp materials for any period of time on the handler’s premises. Examples of handlers include seed cleaners, analytical labs, and other service providers.
- Large Processors - \$1,000 flat fee, annually. A “large processor” is defined as any processor who sources materials from three (3) or more farmers.

b. Product THC Test Fee

As will be outlined in the *THC Testing Protocol for 2017* (release date anticipated in spring 2017), product THC content testing may be required. In the event a Product THC Test is required, the participant will pay \$150 per instance. Any such fee must be paid within 30 days of invoice from KDA in the form of a check or money order payable to the Kentucky State Treasurer.

c. Site Modification Surcharge

If a participant elects to process hemp at a site other than the site(s) specified by GPS coordinates in the participant’s *Memorandum of Understanding*, the participant will be required to submit a Site Modification Surcharge of \$500 for each new processing site. A new processing site is defined as any GPS location not listed on the MOU (i.e., any change to or addition of GPS coordinates at an address on the MOU, or for the addition of a new address). The Site Modification Surcharge does not apply to storage-only sites, but notification and approval is required for storage-only sites.

Participants must notify KDA Hemp Staff of their intention to use a processing or storage site other than the site(s) specified in the *Memorandum of Understanding*. No processing or storage in a new site is permitted without prior approval from KDA Hemp Staff. Failure to notify KDA Hemp staff, pay the required Site Modification Surcharge, or obtain written approval in advance may result in appropriate action, including expulsion from the program or the destruction of hemp materials found or processed at such sites. The Site Modification Surcharge must be paid within 30 days of invoice from KDA in the form of a check or money order payable to the Kentucky State Treasurer.

7. Hemp Material Acquisition

Processor participants must acquire their raw hemp materials from participating growers having a valid MOU with KDA, or another 7 U.S.C. § 5940 program. All transfers of material shall comply with the restrictions outlined in the *Transfer Requirements* document located on the KDA hemp program website at www.kyagr.com/hemp.

8. Seed Acquisition

Processors/handlers may seek to acquire industrial hemp seeds or propagules on behalf of their grower partners. Participants are prohibited from acquiring industrial hemp seeds/propagules without prior approval from KDA Hemp Staff.

Participants acquiring seeds/propagules from sources outside Kentucky must submit their seed requests to KDA Hemp Staff and arrange for delivery through the hands of KDA Hemp Staff. Without exception, international hemp seed imports must occur through KDA's federal Drug Enforcement Administration (DEA) permit registration via a KDA import permit. Seed requests must include documentation showing that the seed/propagule variety has a delta-9 THC content of 0.3 percent or less on a dry weight basis. KDA reserves the right to prohibit from the IHRPP any seeds/propagules for any reason.

Participants acquiring seeds/propagules directly from other IHRPP participants within Kentucky may do so without KDA Hemp Staff acting as an intermediary. However, a participant selling viable industrial hemp material to a purchaser in Kentucky must verify that the purchaser is a participant in KDA's Industrial Hemp Research Pilot Program. All in-program seed/propagule purchases, transfers, sales, and distributions must be reported to KDA by the participant before July 1, 2017.

Participants whose research includes the investigation of potential landrace varieties of industrial hemp or any other varieties of unknown heritage must contact the KDA Industrial Hemp Research Pilot Program manager to arrange for replication and testing of the variety before it may be grown in Kentucky.

9. Site Verification

KDA Hemp Staff will perform spot-check inspections on a number of processing or storage sites to verify that the GPS coordinates of such locations correspond to the sites specified in the participant's MOU.

10. Access to Processing, Handling and Storage Sites

KDA Hemp Staff will communicate information about processing, handling and storage locations to Kentucky State Police and other federal, state and local law enforcement agencies and drug suppression units. KDA Hemp Staff, Kentucky State Police, and other federal, state and local law enforcement agencies may enter into any premises where hemp or hemp products are located, with or without advance notice, with or without cause. Participants have no reasonable expectation of privacy with respect to premises where hemp or hemp products are located.

11. Sample Collection

KDA Hemp Staff may collect hemp material samples from a participant's processing, handling or storage site, with or without notice, and with or without cause.

12. Laboratory Testing

KDA may select some samples for delta-9 THC content testing in accordance with its *THC Testing Protocol for 2017*.

13. Transfer of Industrial Hemp Materials and Products

KDA IHRPP Processors are required to abide by the program guidelines for the transfer of all industrial hemp materials as outlined in the *Transfer Requirements* document located on the program website at www.kyagr.com/hemp. For all in-program material transfers, program participants must be prepared to produce a copy of the MOU(s) upon request by KDA Hemp Staff, the Kentucky State Police, or another law enforcement agency. The participant must ensure that a copy of the MOU accompanies the material in transit, and that the transporter possesses a document showing the address of origin and the destination address for the hemp materials being transported. If necessary, the transporter should also be prepared to produce a copy of the recipient's MOU to document the destination address.

- **In-Program.** Must remain in the Industrial Hemp Research Pilot Program (i.e., recipients must have a Memorandum of Understanding [MOU] with KDA or be operating within another 7 U.S.C. § 5940 program).
- **Out-of-Program.** Allowed for transfer or sale to anyone without an MOU (i.e., not a participant in a research pilot program, or the general public).
 - If the product is an extract of floral material, the participant is required to conduct third-party testing for THC content of each final product batch produced. Test results must confirm that the final product batch contains no more than 0.3% delta-9 THC; and all

such testing results must be retained by the participant and made available to KDA upon demand for a minimum of three (3) years. Any material having more than 0.3% THC is not lawful or protected by the KDA Industrial Hemp Research Pilot Program. Possession or distribution of such products may be subject to federal, state and local law enforcement action.

- If the product contains whole grains (seeds), the participant is required to conduct a third-party seed germination test on each final product batch produced. Test results must confirm that the roasting or toasting method renders results of a zero percent (0%) germination level; and all such testing results must be retained by the participant and made available to KDA upon demand for a minimum of three (3) years. Any material having a greater than zero percent germination level is not lawful or protected by the KDA Industrial Hemp Research Pilot. Possession or distribution of such products may be subject to federal, state and local law enforcement action.
- It is the responsibility of the participant to understand and comply with all regulations pertaining to their products and to seek approval(s) from any applicable regulating authorities. KDA is not responsible for ensuring product quality or product compliance with other regulating authorities, such as the Food and Drug Administration and the Kentucky Food Safety Branch. The MOU approved participants have with KDA does not offer any legal protections from these governing bodies, nor waivers from their regulations for out-of-program transfers.

14. Prohibited Activities and Products for Processor/Handler MOU Holders

The activities listed below are prohibited from the KDA IHRPP. When described in a research plan, any prohibited activities will disqualify an application from approval. A current MOU holder found to be conducting or participating in any of these activities may be subject to actions including, but not limited to termination of their MOU and required divesture or destruction of all in-program industrial hemp materials.

- Possessing live hemp plants in a residential area (indoors or outdoors).
- Transporting live hemp plants and in-program hemp materials to unapproved locations such as trade shows, county fairs, educational events, or any other address not listed on an MOU or within another research program.
- Violating the restrictions outlined in the *Transfer Requirements* document on the program website.
- Using pesticides not labeled for use on industrial hemp.
- Creating products for sale outside of the program which would cause noncompliance with KDA policy and *Transfer Requirements*, or federal or state law, including:
 - Loose leaf or floral materials (such as whole buds, or ground floral or leafy material including, but not limited to, hemp cigarettes, cigars, dip, or any form of chewing or smokeless hemp leaf or floral material); and

- Other products that may be deemed prohibited by KDA, in contradiction of KDA Policy, or determined to be against federal or state law.

Other activities or products not specifically allowed may be deemed prohibited by KDA. Upon request, KDA shall review and make a determination on any activity or product not specifically listed in the *Transfer Requirements* document located on the IHRPP website, or in the Prohibited Activities list.

15. Production Report

A participant must submit a completed *Production Report* form on or before December 1, 2017. The *Production Report* form is the industrial hemp research pilot program's primary method of data collection. The *Production Report* requires a report including varieties used, processing methods, inputs, yields, sales receipts, profit/loss and other information required by KDA.

16. Open Records

All documents generated in the IHRPP, including applications, agreements, forms, reports, emails, etc., and any attachments may be subject to Kentucky Open Records law (KRS 61.870 through KRS 61.884).

17. Failure to Comply with Terms and Conditions of the KDA IHRPP

Any participant who fails to comply with the terms and conditions of KDA Industrial Hemp Research Pilot Program may be subject to expulsion or other disciplinary measures. Such determinations will be made by the IHRPP Appeals Panel, and confirmed by the Commissioner or his designee. Such determinations are final and not subject to appeal or judicial review. KDA may notify Kentucky State Police or other law enforcement agencies of a participant's noncompliance.

II. Universities and Colleges

1. Who Must Apply to Participate as an Affiliated University or College

Institutions of higher education are authorized by 7 U.S.C. § 5940 to conduct hemp research, but the law also requires that the growing sites at universities and colleges be certified and registered with the state department of agriculture. Therefore, Kentucky universities and colleges who plan to research industrial hemp in the Commonwealth are required to affiliate with the KDA pilot program by completing the *University/College Affiliation* form. Universities and colleges are not required to submit background checks or sign a Memorandum of Understanding with KDA. University and college affiliates do receive some of the benefits of the KDA Industrial Hemp Research Pilot Program. Industrial hemp remains listed under 21 U.S.C. § 801 *et seq.* as a Schedule 1 Controlled Substance and is illegal to grow or possess in Kentucky outside of a 7 U.S.C. § 5940 program.

Universities or colleges are responsible for ensuring that their programs are compliant with 7 U.S.C. § 5940, and state and federal law, including providing legal protection, administrative oversight, and support for the research project.

2. Affiliation Requests – Deadlines, Key Contents

a. Release date and deadline date

KDA will release and post on its website the *2017 University/College Affiliation Packet* on October 11, 2016. *University/College Affiliation* forms may be submitted at any time. Affiliation forms are preferred by November 14, 2016.

b. Affiliation form components

To be considered as an affiliated college or university participant, an applicant must submit the following information as required on the *2017 University/College Affiliation* form:

- Principal Investigator's (PI) contact information and each additional person with authority to report hemp project activity to KDA.
- Full names of each employee or student who will be primarily responsible for the growing, processing or handling the applicant's hemp.
- Research plan, summary.
- Address of each location and GPS coordinates of each growing location, building or site where hemp will be stored, processed or handled.
- Map(s) depicting each site where hemp will be grown, handled, processed or stored, and designating entrances and specific points where GPS coordinates were taken.
- Consent to all statements in the Acknowledgments Section in the *University/College Affiliation Application*.
- KDA reserves the right to request a letter of support from the Department Chair, or appropriate authority of the college or university.

3. Program Fees for Universities and Colleges

KDA will not assess fees to college or university affiliates, unless the PI requests sample collection or testing. These fees will enable KDA to pay for some program expenses such as site visits, sample collection, THC testing, pesticide residue testing, staff time, and program administration. All fees are nonrefundable.

a. Inspection Fees

Samples are only collected if the PI requests sampling from KDA. An Inspection Fee of \$100 shall be assessed for each plot and variety sampled. The Inspection Fee(s) must be paid within 30 days of invoice from KDA in the form of a check or money order payable to the Kentucky State Treasurer.

4. Seed Acquisition

University or college affiliates acquiring industrial hemp seeds/propagules from sources outside Kentucky must submit their acquisition requests to KDA Hemp Staff and arrange for delivery through the offices of the KDA Hemp Program. Without exception, international hemp seed imports must occur through KDA's federal Drug Enforcement Administration (DEA) permit registration via a KDA import permit. Seed acquisition requests must include documentation showing that the seed/propagule variety has a delta-9 THC content of 0.3 percent or less on a dry weight basis. PIs must submit their requests for acquisition 90 days prior to the need for imported seed.

Participants acquiring seeds/propagules directly from sources located in Kentucky may do so without KDA Hemp Staff acting as an intermediary.

5. Planting

University or college affiliates must submit to KDA Hemp Staff a completed *Field Planting Report* form within ten (10) days of the conclusion of spring planting, so that KDA can confirm the planting location. Universities using greenhouses for hemp cultivation, should submit the GPS coordinates and map of the greenhouse on the affiliation form so that KDA can register the planting location. All reports must include the appropriate map with the report, and use Field ID and Building ID names consistent with those in the *Affiliation Letter* issued by KDA.

If the affiliate elects not to plant in an approved site, the affiliate must submit a *Planting Report* form on or before July 31, 2017 stating that hemp will not be planted at that site.

6. Access to Growing, Handling, Processing and Storage Sites

KDA Hemp Staff will communicate information about growing, handling, processing and storage locations to Kentucky State Police and other federal, state and local law enforcement agencies and drug suppression units. KDA Hemp Staff, Kentucky State Police, and other federal, state and local law enforcement agencies may enter into any premises where hemp or hemp products are located, with or without advance notice, with or without cause. Participants have no reasonable expectation of privacy with respect to premises where hemp or hemp products are located.

7. Harvest/Destruction Notification Form

If sampling and THC testing is requested by the PI, a *Harvest/Destruction Notification Form* must be submitted to KDA at least 15 days prior to harvesting or destroying any hemp plants. If samples are requested, the principle investigator of record or a knowledgeable representative must be present for the sample collection. KDA Hemp Staff will notify the affiliate of the date and approximate time when samples will be collected from the affiliate's plot(s) and/or greenhouse(s). KDA Hemp Staff will collect samples from each plot or greenhouse, in accordance with KDA's sampling and testing procedures. The Inspection Fee(s) must be paid within 30 days of invoice from KDA.

8. Laboratory Testing

For college and university sites, KDA will only collect samples for testing upon request from the PI. KDA will test for delta-9 THC content in accordance with its *THC Testing Protocol for 2017*, to be released in Spring 2017.

9. Production Report

The standard *Production Report* form used for Growers or Processor/Handlers does not generally apply to University or College research projects, however a research summary of the affiliated project is required.

III. Preliminary List of Forms and Documents for the 2017 Program

These forms and documents are related to program application and contracts:

- *Grower Application Packet*
- *Grower Participant Agreement form*
- *Grower MOU form*

- *Processor/Handler Application Packet*
- *Processor/Handler Participant Agreement form*
- *Processor/Handler MOU form*

- *University/College Application Packet*
- *University/College Letter of Participation*

Most of the following forms will be provided to approved participants during the IHRPP Orientation:

- *International Seed Acquisition Request form*
- *Domestic Seed and Propagule Acquisition Request form*
- *Transfer Requirements document for 2017*
- *Milestone Schedule of program deadlines for 2017*
- *Site Modification Request form*
- *Field Planting Report form*
- *Greenhouse Planting Report form*
- *Harvest/Destruction Notification form*
- *THC Testing Protocol document for 2017*
- *Production Report form for Growers*
- *Production Report form for Processors/Handlers*
- Any additional forms or documents that may be developed by KDA, as needed