Kentucky Department of Agriculture

Hemp Licensing Program
Grower Orientation

2020 Growing Season
Length Online of Orientation

- This online orientation is incorporated into the online application portal.
- It takes the place of an in-person training required by the paper applicants.
- It will take at least an hour to complete.
- You may stop before completion and restart at a later time where you left off.
Overview

• Program Overview & Legal Updates
• Crop Production
• Background Checks
• Growing Locations
• Sourcing Planting Materials
• Reporting Requirements
• Sampling and THC Testing
• Restrictions on Sale and Transfer
Information Overload

• There is A LOT of information in this orientation.
• You can find all information on our website
  – We’d rather you ask KDA directly than get a second-hand answer that may be misguided
• You do NOT have to plant every acre you have been approved to plant
• You do NOT have to complete this Application
  – Not completing this application does NOT affect future applications
# Kentucky Hemp Program Highlights

## KDA Industrial Hemp Research Pilot Program

### Annual Overview

<table>
<thead>
<tr>
<th>Production Year</th>
<th># University Projects</th>
<th>Approved Processors</th>
<th>KY Counties with Hemp</th>
<th>Approved Acres</th>
<th>Planted Acres</th>
<th>Harvested Acres</th>
<th>% Grain or Seeds</th>
<th>% Fiber</th>
<th>% CBD</th>
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2019 Kentucky Industrial Hemp Research Pilot Program

[Map of Kentucky showing processors and growers]
260.858 Purpose of industrial hemp research pilot program -- Lawful and unlawful conduct.

(3) It is unlawful for a person who does not hold a license issued by the department, or who is not an agent of a licensee, to cultivate, handle, process, or market living industrial hemp plants or viable seeds, leaf materials, or floral materials derived from industrial hemp. Penalties for persons who cultivate, handle, process, or market living industrial hemp plants or viable seeds, leaf materials, or floral materials derived from industrial hemp without a license are the same as those penalties that are applicable to persons who violate KRS Chapter 218A, relating to marijuana.

(4) Nothing in this chapter authorizes any person to violate any federal or state law or regulation.
Federal Law
Definition of Hemp in 2018 Farm Bill

“The term ‘hemp’ means the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.”

(Note: Federal law requires that all state plans have a testing protocol to measure delta-9 THC post-decarboxylation – That’s total THC.)
USDA Interim Final Rule released Oct. 31, 2019

- Interim Final Rule takes effect immediately
- It must be updated into a Final Rule within 2 years
- Requires minimal changes for Kentucky
- Will likely require updates to sampling and testing in Kentucky for 2021
- Kentucky will continue to operate under a pilot program for one final year in 2020
Main Changes **Expected** from USDA Interim Final Rule in 2021

- Removal of stem and seeds from compliance sample
- “Measurement of Uncertainty” will be less than our 0.099% variance
- Retested sample may be confined to the original sample
- THC >0.5% = “Negligent Violation”, 3 in 5 years = license suspension

All of these changes will make compliance more difficult, so genetic selection is even MORE important.
Just as important for the FDA and our commitment to protect and promote the public health is what the law didn’t change: Congress explicitly preserved the agency’s current authority to regulate products containing cannabis or cannabis-derived compounds under the Federal Food, Drug, and Cosmetic Act (FD&C Act) and section 351 of the Public Health Service Act. In doing so, Congress recognized the agency’s important public health role with respect to all the products it regulates. This allows the FDA to continue enforcing the law to protect patients and the public while also providing potential regulatory pathways for products containing cannabis and cannabis-derived compounds.
Stay Tuned, we still await FDA guidance...

Given the substantial public interest in this topic and the clear interest of Congress in fostering the development of appropriate hemp products, we intend to hold a public meeting in the near future for stakeholders to share their experiences and challenges with these products, including information and views related to the safety of such products.

We’ll use this meeting to gather additional input relevant to the lawful pathways by which products containing cannabis or cannabis-derived compounds can be marketed, and how we can make these legal pathways more predictable and efficient. We’ll also solicit input relevant to our regulatory strategy related to existing products, while we continue to evaluate and take action against products that are being unlawfully marketed and create risks for consumers.
Hemp Licensing Program

- **Processor/Handler License**
  - **NO Live Plants**
  - Process Harvested Crop into Products
  - Extraction of CBD
  - Possess, Handle, Store, Market
  - Brokers, Labs, Seed Cleaners
  - Dry, Chop, Grind other person’s harvest
  - Handle other person’s harvest

- **Grower License**
  - Live Plants
  - Grow in Fields
  - Grow in Greenhouses
  - Produce Transplants
  - Store your hemp
  - Dry, Chop, Grind (your own hemp)
  - Market your own Crop
Questions

• Does Federal Law require testing for Total THC?
  – Yes or No

• Does a Hemp Grower License enable you to extract CBD from hemp material?
  – Yes or No
Electronic Communications

• Email and Text messaging - Primary Method of Communication
• The online system will send you emails and direct you to log in to your account to address the issue
• Hemp Staff will not send you something unless it applies and is important for your project.
• IF WE SEND IT, READ IT!

Make sure to add the following emails to your “safe” list, as you will be receiving emails from all of these individuals, and we don’t want you to miss any important communications from KDA:

• Doris.Hamilton@ky.gov
• MelissaK.Bourne@ky.gov
• Kim.Sullivan@ky.gov
• Edmond.Thompson@ky.gov
• Andrew.Glass@ky.gov
• Shelby.Benton@ky.gov
• hemp@ky.gov
Electronic Communications

• Use the messaging system in the hemp portal as the primary mode of communication. This is the fastest way to get a response.

• Email general questions to hemp@ky.gov

• Provide your name and the name of the license holder in all communications.

• Please don’t send separate emails or voicemails to multiple staff members and duplicate the work. Cc to others is perfectly okay.
Seed and Transplant Providers List

- KDA maintains a public list of Growers who offer seeds and transplants for sale
- Voluntary Listing
- Designed to help with marketing efforts
- Posted on our website on the Overview program page
- If you’d like to be included, email us the specific information to hemp@ky.gov (use the format found in the existing list)
Seed and Transplant Providers

• This is not a new rule, but has been historically overlooked by the hemp industry – take note!

• Any person engaging in the distribution of hemp seeds shall adhere to the applicable Kentucky seed laws (KRS 250.010 to KRS 250.990) and administrative regulation (12 KAR 1:116 to 175). Go to the UK Division of Regulatory Services seed program website for more details: http://www.rs.uky.edu/regulatory/seed/
Seed and Transplant Providers

• This is not a new rule, but has been historically overlooked by the hemp industry – take note!

• Any person who intends to move transplants or other living plants to a location outside Kentucky must obtain a Class A Nursery License from the Kentucky Office of the State Entomologist. See their website for details: http://www.uky.edu/Ag/NurseryInspection/
Processor List

• KDA maintains a public list of Processors available on our website
• Voluntary Listing
• Designed to help with marketing efforts.
• All lists are found on the Overview page of the website at [www.kyagr.com/hemp](http://www.kyagr.com/hemp)
Notes for Growers RE Processors

- KDA will not buy your hemp!
- KDA does not mandate that you use a particular processor
- You should have a contracted buyer BEFORE planting
  - Read your contracts carefully.
- You can work with more than one processor.
- KDA does not limit which or how many processors you work with, but you MUST only sell to licensed processors.
A Note About Organic Hemp

• “Organic” is strictly regulated by the United States Department of Agriculture (USDA).
• You cannot market your hemp as “organic” unless you have been Certified Organic.
• Organic hemp products must be grown by a certified organic farm AND processed by a certified organic processor.
• KDA is a certifying agent.
• Certification can sometimes be a multi-year process.
• If you are interested in growing organic hemp, and have not yet been certified, please email KDA’s Organic Program Staff at organic@ky.gov.
Questions

• What is the best way to reach the KDA hemp program staff?
  – By Phone
  – By letter
  – By email to hemp@ky.gov

• Are the following lists of hemp license holders found on the KDA website: Processors and Handlers, Seed and Transplant Providers, and Names of License Holders by county.
  – Yes or No
Crop Production
Three Main Harvestable Components of Hemp

Grain or Seeds. For human food (hemp hearts, oil, and protein powder), or seeds for planting hemp.

Fiber from stalks. Bast (bark – long, outer fibers), and Hurd (core – inner woody material).

Floral Material. For extraction of plant resin (which includes CBD and other phytocannabinoids) for health and wellness products.
Grain Yields

- Seed/Grain Yield = Average 800-1,000 lbs. per acre, KDA max. = 1,600+
- $0.65- $0.75 per pound
- Returns per acre, max. $1,200
- Hemp Grain is high in oil and protein, consumer demand for health food
Fiber Yields

• Yields 1-5.5 tons per acre of dry matter (whole dry stems).
• Fiber price $70-$135 / ton for whole stems.
• Fiber crop vs dual purpose.
• Return per acre up to $700.
• Stems = 15-20% Bast, 70+% Hurd, 5-10% Waste.
• Fiber uses polymer composites to horse bedding.
Phytocannabinoid/CBD Yields

- Maximum production for one plant = approx. one pound dried floral material for extraction.
- The very first year of the program KDA received reports of prices as high as $1,000 / lb for dried material, HOWEVER prices today continue to decline RAPIDLY.
- Emerging market; more product on market will see reductions in price to between $5-$10/lb. ($1 or less / % point of CBD /lb.)
- Extract generated per lb of dried material varies widely.
- Transition to mechanized harvest will change things.
30 days post-planting

Biggest Challenge - Weeds

60 days post-planting, SAME field
Crop Production Assistance

The University of Kentucky has released some good resources to help you with your budget. https://hemp.ca.uky.edu/

Interactive Hemp Budget Models
Crop Production Assistance

### Enterprise Budgets
- Grain
- Fiber
- CBD Row Crop w/ Grain
- CBD Row Crop no Grain
- CBD Tobacco Model
- CBD Plasticulture

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**Industrial Hemp Budgets 2019**

**For more information, contact:**
- Tyler Mark
  - Assistant Professor
  - Tyler.Mark@uky.edu
  - 859-257-7283
- Jonathan Shepherd
  - Farm Management Specialist
  - jshepherd@uky.edu
  - 859-218-4395

This decision tool has been created to help producers budget for industrial hemp production. To navigate through the tool, please click on the tabs below. Additional comments have been added throughout the tabs to help guide you.

**Last Updated 2/12/19**

WARNING: These enterprise budgets have been developed for current market conditions and it is unknown how costs and revenues may change with the passage of the 2018 Farm Bill and the removal of hemp from the Schedule 1 Narcotics list.

The reintroduction of industrial hemp production in United States has sparked significant interest. However, the infancy of the industry makes it difficult to secure well documented revenue and cost projections for the construction of enterprise budgets. **NOTE**: Estimates used in these revenue and cost projections are based on anecdotal prices, yields and costs. These budgets only address potential gross revenue and cash operating expenses associated with hemp production. These budgets are completely absent of any fixed or economical costs. Inclusion of these missing costs would impact profitability.

Current observations of the industry reveals that production methods are highly varied but generally fit into one of six production methods represented in these budgets. Yields are also highly variable between and within each production model. Unlike a traditional crop enterprise budgets, where using the default production costs estimates may be a reasonable approximation of a given producers actual costs, the lacking publically available empirical research centered around hemp production requires potential producers to adjust each line to fit the specifics of their operation. Cost and revenue estimates provided in these budgets should be critically evaluated and adjusted for each producers scenario.
Crop Production Assistance

- Enter Your Variables
- Will Calculate
  - Revenue
  - Costs per Acre
  - Breakeven Yield
  - Breakeven Cost

- VERY NICE TOOL!

https://hemp.ca.uky.edu/
Grow At Your Own Risk

• Limited production knowledge combined with an uncertain federal regulatory environment and unstable pricing creates significant risk for the participant.

• Crop failures happen.

• Crop insurance will be available in 2020. Contact your local crop insurance agent for details.
Grower License

• Allows you to legally grow industrial hemp in KY.
• Every provision in the Application is binding
• Keep copies of your License with you, near harvested and in-program materials
• Make as many copies as needed
Questions

• Is hemp production a low risk farm enterprise
  • Yes or No
Background Checks
Changes to the Background check

- There are two main changes to the background check from previous years
  1. A business entity is required to submit background checks on key participants as well as the signing authority
  2. Background check should have occurred 60 or less days prior to the date of application.
What are key participants?

• This is a person who has direct or indirect financial interest in the entity producing hemp such as an owner or partner in a partnership.

• Include without limitation an entity’s Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO), or any other positions that have these same job responsibilities.

• Farm managers, field managers, shift managers etc. Are not key participants.
Background Check for Individual Applicants

• Individual applicants are only required to submit a background check on themselves

• No need to submit background check on secondary contacts
Background Check

• Background check must be free from felony convictions and drug related misdemeanors for the past 10 years
• Background check request forms are found on the application page of our website or on the Applicant Information tab in this application portal
Questions

• As an individual applicant must you submit a background check for your secondary contacts or farmhands?
  – Yes or No

• To whom do I submit the Background Check request form (form titled “Request for Conviction Records”)?
  – Submit the request to Kentucky State Police, then upload the resulting Background Check into this portal with the applicant information
  – Submit the request form to KDA
Growing Locations
Growing Locations

• If property does not have an address, you must enter an estimate.
• There are no free site modifications for growing locations.
• All growing locations submitted AFTER the application is submitted costs $750 per GPS.
• All locations are subject to all land use restrictions found in 302 KAR 50.021.
Growing Locations

• Two license holders can grow at the same address as long as they are licensing different fields.
• The software will warn you if you enter a duplicate address and KDA must approve the use of the same address as another applicant before you proceed.
• Click the HELP button on the map screen for video instructions.
Identifying Your Locations

One Field?

NO, 3 Fields.
Identifying Your Locations

One Field?

NO, 3 Fields.
Land Use Restrictions

Land use restrictions for licensed growers.

(1) A licensed grower shall not plant or grow any cannabis that is not hemp.

(2) A licensed grower shall not plant or grow hemp or other cannabis on any site not licensed.
Land use restrictions for licensed growers (continued)

(3) A licensed grower shall not grow hemp or other cannabis in or adjacent to any structure that is used for residential purposes.

(4) A licensed grower shall not handle or store leaf or floral material from hemp or other cannabis in or adjacent to any structure that is used for residential purposes.
Section 5. Land use restrictions for licensed growers. (continued)

(5) Hemp shall be physically segregated from other crops unless prior approval is obtained in writing from the department.

(6) A licensed grower shall plant a minimum of 1,000 plants in each growing site unless prior approval is received in writing from the department.

(7) A licensed grower shall plant a minimum of one quarter (.25) acre in each outdoor growing site unless prior approval is received in writing from the department.
Section 5. Land use restrictions for licensed growers. (continued)

(8) A licensed grower shall not grow hemp or other cannabis in any outdoor field that is located within 1,000 feet of a school (see regulations for an exception for high school ag departments) or a public recreational area.

(9) An applicant or licensed grower shall not include any property on his or her application or Site Modification Request, incorporated by reference in 302 KAR 50:080, to grow or cultivate hemp that is not owned or completely controlled by the applicant or licensed grower.

(9) A licensed grower shall not grow, handle, or store hemp or other cannabis on property owned by, leased from, or previously submitted in a license application by any person who is ineligible or was terminated, or denied admission to the program for one (1) or both of the following reasons:

(a) Failure to obtain an acceptable criminal background check; or

(b) Failure to comply with an order from a representative of the department.
Section 7. Land use restrictions for licensed growers. (continued)

(10) Licensed growers with plots of one (1) acre or less are required to post signage at the plot location. The signage shall include the following information:

(a) The Statement, “Kentucky Department of Agriculture Hemp Licensing Program”;

(b) License holder’s Name;

(c) License holder’s license number; and

(d) The department’s telephone number.
Site Modification Request

• Any new locations where you will grow or store hemp after this application is completed will require a site modification.
• Storage locations do not have a fee
• Each growing location is assessed a fee of $750.
  – $750 fee is per GPS coordinate, not address.
Proceed With Caution

- There are no guarantees!
- This is a new industry, new companies, new production techniques.
- The price model is not well developed and some companies have had trouble making payments.
Questions

• What is the minimum planting required?
  – 100 plants
  – 1,000 plants AND 0.25 acre per site
  – 10 acres

• Can 2 different applicants license the same field or greenhouse?
  – Yes or No

• Can a licensed grower plant hemp in their yard (adjacent to their house), within 500 feet of a school or next to a public park?
  – Yes or No
Sourcing Planting Materials
Sourcing Seeds

• There is a big difference in the way seeds are sourced this year.

• First check to see if the variety or strain is on the “Summary of Varieties List”

• If the variety is listed, no request is required

• IF the variety or strain is new to KY you will need to submit the: "New Hemp Variety or Strain Request Form"

• A Certificate of Analysis with a “TOTAL THC” of 0.3% or less is also required.
Summary of Varieties List

• Document found in the portal as well as the website
• More than 200 different hemp varieties, named strains have been grown and tested in the Kentucky Industrial Hemp Research Pilot Program
• 37 Varieties have been Prohibited
• 104 Varieties are designated as Varieties of Concern
  – Varieties of Concern should be utilized with caution as they are at a higher risk of exceeding the THC limit and potentially resulting in the ordered destruction of the crop.
• Other varieties testing without cause for concern
Summary of Varieties List

**Varieties of Concern (VOC)**

The varieties or strains designated as a *Variety of Concern* (VOC) in the table below had at least one THC test result above 3000 ppm (0.3000%). Growers who are considering whether to use these varieties in the future should exercise caution and remain aware of the Department’s *Varieties of Concern* and *Prohibited Varieties* designations. These varieties are at a higher risk for exceeding the THC limit and potentially resulting in the ordered destruction of the crop. Viable VOC material for planting is not eligible for sale or transfer outside of the Kentucky research program. In addition, these varieties will have restrictions and additional testing as the research program continues. These designations are subject to change.

- Virtually **ALL** high CBD strains of hemp are Varieties of Concern.
- It is nearly impossible to get 10% CBD without going over the legal limit of THC.
Summary of Varieties List

• The 2020 Summary of Varieties List is now available on the website (January 17, 2020).

• The Summary of Varieties List has been updated with 2019 testing data and NEW varieties will be added regularly.

• This information will be very important in determining your selection of planting materials.

• When buying planting materials, always demand a Certificate of Analysis on the parent plant floral material and check your THC/CBD levels and ratios.
Reasons to Be Cautious in Selecting your Hemp Varieties for 2020

- 17% of plots tested above 0.4% THC in 2019

- USDA rules will apply in 2021 which will include:
  - “Measurement of Uncertainty” will be less than our 0.099% variance
  - Retested sample confined to the original sample
  - THC >0.5% = “Negligent Violation”, 3 in 5 years = license suspension

All of these changes will make compliance more difficult, so genetic selection is even MORE important.
What do I need to do for the variety I want to plant?

1. Is my variety on the "Summary of Varieties List"?
   - Yes: Is my variety a "Prohibited Variety"?
     - Yes: You cannot grow that variety
     - No: Is my variety a "Variety of Concern or New"?
       - Yes: Plant with caution
       - No: You are free to plant that variety
   - No: Submit a "New Hemp Variety or Strain Request Form"
New Hemp Variety or Strain Form

• This form can be completed from your Dashboard in the online system

• Complete the information on the form documenting the intended source of the seeds or transplants

• Upload a Certificate of Analysis which indicates that the mature floral material from the variety/strain is not more than 0.3% Total THC.

• CAUTION: Watch the ratio of THC/CBD on new varieties – if you are seeking 10% CBD, calculate where that THC would be if you reached that level. THC and CBD both increase as the plant matures in relatively the same ratio.
Questions

• Can a license holder purchase and plant any variety/strain of cannabis seeds they choose?
  – Yes or No

• What form must be completed to request permission to bring a new hemp variety/strain into Kentucky?
  – New Hemp Variety or Strain form
  – Domestic Seed Acquisition Request
  – International Seed Acquisition Request
Reporting Requirements
Reporting Requirements

• Be aware of due dates

• **All Reporting is done inside of the online portal.**

• Do NOT submit paper copies of reports

• KDA does NOT recommend that any reporting be completed by another party on your behalf.
Planting Reports

• There are two types of planting reports:
  – Greenhouse/Indoor Planting Report
  – Field Planting Report

• You will be filling out your planting reports inside of the portal online
Greenhouse/Indoor Planting Report

- Greenhouse/Indoor Planting Reports are due within 15 days of your first planting in an empty greenhouse or structure.

- If instead of planting, you are moving plants from another location into your greenhouse, THAT is considered a “planting”.

- Greenhouse/Indoor Planting Reports are also due quarterly, March 31, June 30, Sept. 30, and December 31.
Field Planting Report

- Field Planting Reports are due within 15 days of each planting.
- You must report the different varieties/strains separately as they will be designated as different “lots” for testing purposes.
- You must report EVERY licensed field, whether it was planted or not.
- Unplanted fields require that you indicate No Planting.
- No Planting reports for fields are due by July 31.
Field Planting Report

• New for 2020, required by the USDA rule

• All hemp planting must be reported to the USDA Farm Service Agency (offices found in most counties)

• New farmers will want to visit this office early to ensure you have the proper records on file to report crop acreages on the land where you are planting hemp
Harvest Destruction Report

• Submitted inside of the portal online

• This report is due 15 days prior to your intended harvest.

• This form is also used to request destruction of any failed crops
Harvest / Destruction Report

- The submission of this report form triggers an inspection and sample collection of the crop for THC testing.

- The grower cannot harvest until AFTER the sample collection has taken place.

- The grower must complete the harvest within 15 days of the sample collection.

- Harvested materials may not be co-mingled, transported beyond the processor or outside the Commonwealth, nor transferred or sold until the material has been released by KDA as a result of a compliant test result (most materials are stored on-site until test results are obtained).
Questions

- When is the Field Planting Report due?
  - A month after planting
  - 15 days before planting
  - Within 15 days following planting

- The Greenhouse/Indoor Planting Report is due within 15 days of the first planting and Quarterly throughout the year.
  - Yes or No
Questions

• When is the Harvest Report due?
  • A month after harvest
  • At least 15 days prior to expected harvest date
  • Within 15 days following planting

• Hemp growers are required to submit hemp planted acres to the USDA Farm Service Agency?
  • Yes or No
THC Testing
Sampling and THC Testing

• 100% of plots intended for harvest are inspected and sampled prior to harvest by KDA inspectors

• All varieties tested for compliance with the 0.3% delta-9-THC limit set by Congress (2020 variance will allow for up to 0.399% THC)

• Federal law requires all delta-9 THC concentrations be measured post-decarboxylation (result is commonly referred to as Total THC)

• THC Test results reported within 60 days
Secondary Pre-Harvest Sampling

- **New for 2020** - The Licensing fee of $400 per address covers ONLY the first 3 tests required at an address.
- All additional samples (above 3) required at a licensed address will require a Secondary Pre-Harvest Sample fee of $250 per sample.
- **Example**: If you plant 5 lots (contiguous planting of same variety/strain) at an address, the first 3 samples are included, but will be required to pay an additional $500 for the 2 additional required samples.
Sampling and THC Testing

• Grower (or knowledgeable help) must be present for the inspection
• Inspector shall be given full access to all growing, storage, and handling locations (will also be inspecting unplanted locations)
• Sample taken of each lot (contiguous planting of the same variety/strain)
• Harvest must be completed within 15 days
• Secondary Pre-Harvest Sampling fees may be assessed
Sampling and THC Testing

• 0.30% THC is the legal limit set by law
• In 2020 KDA will allow for a measurement of variance of 0.099%, so test results up to 0.399% will be considered compliant.
• Lots with pre-harvest test results below or equal to 0.399% THC are allowed to market
Sampling and THC Testing

• Harvested hemp materials from a lot testing between 0.4% and 0.99% THC is eligible for a Post-Harvest Retest at a cost of $250.
• 2020 is the FINAL year for the research pilot program and the last year we will be allowed to offer a post-harvest retest. USDA rule does not allow this.
• Lots testing at or above 1% are required destroyed immediately without a retest.
• Materials from lots with post-harvest retests at or above 0.4% must be destroyed.
Understanding THC Analysis

- Cannabis plants only produce delta-9 THCa (tetrahydrocannabinolic acid)
- Delta-9 THCa converts to delta-9 THC, the intoxicant through a process called decarboxylation
- Decarboxylation will happen naturally over time when exposed to air OR immediately in high heat conditions (if ignited)
Understanding THC Analysis

• Measurement of THC concentrations can be conducted with many methods
• The combined, or decarboxylated THC, is often referred to as total THC
• Federal law requires testing for total THC
• This has been the method used by KDA from the beginning
Understanding THC Analysis

• If an analysis gives only THC or delta-9 THC, that would be the total THC
• If an analysis gives THCa and delta-9 THC or THC, it must be combined mathematically

THC + (THCa x 0.877) = Total THC
Production Report

• At the end of the season you may be required to complete a production report.
• Keep good records throughout the season.
• These records help develop better models for the industry.
Questions

• The cost of how many tests per address are included in the grower licensing fee?
  • 3 tests are included (all others require $250 Secondary Pre-Harvest Sample fee/sample)
  • All testing costs are included in the licensing fee

• State and Federal law requires hemp to have not more than 0.30% of what type of THC?
  • THCa only
  • Delta-9 THC only
  • Total THC (delta-9 THCa and delta-9 THC)
Restrictions on Sale or Transfer
Transfer Requirements

• These requirements were designed to keep you legal.
• Failure to comply with the Transfer Requirements may result in expulsion or other disciplinary measures.
• Hemp Staff is available to help answer your questions.
Transfer Requirements

• To or from only licensed participants – VERIFY LICENSES
• May transfer to other Hemp Programs in other states – AT YOUR OWN RISK
• Must have Hemp License with shipment
• Paperwork must document legal origin and destination

Table 1: In-Program Materials

<table>
<thead>
<tr>
<th>Harvestable Component</th>
<th>Form of Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiber</td>
<td>whole stalks, including leaf and seed materials, bales of stalks</td>
</tr>
<tr>
<td>Roots</td>
<td>raw</td>
</tr>
<tr>
<td>Leaves or Floral Material</td>
<td>fresh, unprocessed, dried, ground</td>
</tr>
<tr>
<td>Grain (food product)</td>
<td>raw, unprocessed</td>
</tr>
<tr>
<td>Seed (for replication)</td>
<td>whole seed, cleaned or uncleaned</td>
</tr>
<tr>
<td>Transplants</td>
<td>rooted plants, cuttings</td>
</tr>
</tbody>
</table>
Transfer Requirements

Out-of-Program Materials

- Eligible for transfer to anyone
- License Holder’s responsibility to ensure compliance with other state laws
- All products must meet regulations of other authorities (Food Safety, FDA, etc.)

<table>
<thead>
<tr>
<th>Harvestable Component</th>
<th>Form of Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiber</td>
<td>whole stalk, stripped of leaf and seed materials</td>
</tr>
<tr>
<td>Roots</td>
<td>dried</td>
</tr>
<tr>
<td>Leaves or Floral Material</td>
<td>cannabinoid extract</td>
</tr>
<tr>
<td>Grain (food product)</td>
<td>crushed, ground, etc.</td>
</tr>
</tbody>
</table>

Out-of-program transfers of these materials are compliant with KDA policy; some federal agency opinions may differ. Transfers are at your own RISK.
Transfer Requirements

Out-of-Program Materials continued....

- All floral extracts or their derivatives MUST be tested and ensured to be no more than 0.3% total THC
- Testing must be kept on file for inspection by KDA

Table 2: Out-of-Program Materials

<table>
<thead>
<tr>
<th>Harvestable Component</th>
<th>Form of Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiber</td>
<td>whole stalk, stripped of leaf and seed materials</td>
</tr>
<tr>
<td></td>
<td>decorticated fiber (bass and/or hurd)</td>
</tr>
<tr>
<td>Roots</td>
<td>dried</td>
</tr>
<tr>
<td></td>
<td>ground</td>
</tr>
<tr>
<td>Leaves or Floral Material</td>
<td>cannabinoid extract</td>
</tr>
<tr>
<td></td>
<td>all products derived from extracts</td>
</tr>
<tr>
<td>Grain (food product)</td>
<td>crushed, ground, etc.</td>
</tr>
<tr>
<td></td>
<td>dehulled</td>
</tr>
<tr>
<td></td>
<td>seed cake / meal</td>
</tr>
<tr>
<td></td>
<td>roasted or toasted AND proven nonviable oil</td>
</tr>
</tbody>
</table>

Out-of-program transfers of these materials are compliant with KDA policy; some federal agency opinions may differ. Transfers are at your own RISK.
Prohibited Products

Section 1. Products Not to be Sold to Members of the Public.

(1) The following hemp-derived products shall not be manufactured:
(a) Hemp cigarettes;
(b) Hemp cigars;
(c) Chew, dip, or other smokeless material consisting of hemp leaf material or hemp floral material; and
(d) Hemp leaf material or floral material teas.
Prohibited Products

(2) The following hemp-derived products shall not be marketed, sold, or distributed to any person in Kentucky who does not hold a license from the Department, or any person outside the Commonwealth (but within the United States) who is not authorized by an institution of higher education, or state department of agriculture pursuant to 7 U.S.C. 5940 and the laws of that state:

(a) Whole hemp buds;
(b) Ground hemp floral material;
(c) Ground hemp leaf material; and
Prohibited Products

(3) If the department finds that it is more likely than not that a person has manufactured, marketed, sold, or distributed a hemp-derived product in violation of this administrative regulation, the department shall assess a civil monetary penalty against that person of not less than $100 and not more than $1,000 per violation, in addition to possible termination of the Grower License or Processor/Handler License.
Bottom Line!

• 2020 is the final year of the pilot program.

• Beginning in 2021 all states MUST operate under the USDA Hemp Program rules.

• As a result, changes to the operation of the Kentucky Hemp Licensing Program are likely to occur.

• Applicants and license holders will be notified of any changes or updates to the regulations or program operation.
Questions

• The following hemp-derived products shall not be sold to any person in Kentucky who does not hold a hemp license:
  • Whole hemp buds
  • Ground hemp floral material
  • Ground hemp leaf material
  • All of the above

• Is 2020 the final year for the research pilot program?
  • Yes or No
Contact KDA Hemp Licensing Program

Kentucky Department of Agriculture
Hemp Licensing Program
111 Corporate Drive, Frankfort, KY 40601
Mainline: (502) 573-0282

Email us at:

hemp@ky.gov