

**Indiana Hemp Advisory Committee
2nd Meeting Minutes
September 23, 2019; 9:06am – 11:35am
Hendricks County Fairgrounds Complex
1900 E Main St
Danville IN 46122**

Members Present:

Dr. Bob Waltz/Don Robinson
Bruce Kettler/Jeff Cummins
Brad Hoffeditz
David Cook
Amy Kent
Scott Stockton
John Mandabach
Mark Boyer
Phil Brewer
Danny Osborn
Nicole Buskill

Members Absent

1. Welcome... Dr. Waltz, OISC and Bruce Kettler, ISDA

Bruce – The USDA regulations should be here within the next 4 to 6 weeks. They have submitted the regulations to the White House and are waiting for approval. We have to know what the rules are from the USDA and what they expect to have in that plan. Why don't we just go ahead and make a plan? Our plan has to comply with their regulations and we need to make sure the plan includes these regulations in order for it to be approved.

2. Call to order...Dr. Waltz, State Seed Commissioner and Chair of IHAC...9:06am

3. Discussion and acceptance of agenda... There was a vote to approve the previous meeting minutes (August 1, 2019) and the proposed agenda. **MOTION...** to approve by Don Robison and Brad Hoffeditz; **VOTE...** was unanimous

4. Updates on hemp activities – field day reports, harvest comments...John Mandabach, Midwest Hemp Council provided an update on this year's Hemp crop.

5. Updates on hemp licensing and notes of interest – Don Robison, OISC Seed Administrator... Harvest is well underway. OISC is receiving daily reports for testing. OISC is not certifying the crop; we are testing the crop to ensure the THC level. Have definitely had crops going HOT and those so far have all been fiber. As of last Friday, we found CBD crop going HOT. If the test results come back HOT, the lab does a second test to verify the first test results. We have found that the harvest crop reporting is not coming in 30 days prior to the harvest. As long as this is not intentional and is just the learning curve for a new crop, we are not concerned. Our test is on a dry weight basis,

and takes about 10 to 14 days to complete. We have seen a trend in dryers and seed processors wanting to get licenses now. This crop is known to sweat after the first dry down.

6. This is a new industry, if you are growing for seeds, you cannot just change a variety name to keep others from competing with you. It is against Federal law to change the name. It belongs to the original grower. We have sent a letter out to all growers and processors as to this fact. We do not think this is being done intentionally and is a result of just not knowing the law. You need written permission to breed from both owners of each parent crops and cannot change the name.

7. Sampling of hemp – converging of national practices. States are working together to establish equivalencies and standards of practice and analysis...

Dr. Waltz- All states are required to do sampling but all states are doing it in a different way. States are working toward standardization and consistency. I hope that clarification is something that will come out of the USDA regulations. Indiana uses a process similar to that used in Canada and Colorado. Indiana uses the top two inches of the plant where Kentucky uses the top 20 cm. Indiana uses 30 samples per variety in each field and keeps the varieties separate. The dry weight process complies with the federal law. This ensures stabilization. If you use dry weight, you could go back a couple of days later and get the same results. If you use wet, then the results would probably not be the same. Gas Chromatography heats everything and gives a proper process result. If close to HOT, we use a liquid chromatography and that becomes the confirmatory results.

Don Robison-The field-testing units that are being created by Orange Photonics seem to be reasonable but are not completely accurate. Purdue is working on a portable unit that would be dead on accurate. We do not know how close we are to being completed as they are in the testing stage. I hope that in a year or two it will be in use.

Mark Boyer – Why does Indiana use the top 3 inches of the plant and Kentucky uses 20 cm? Why are we not using a cross section of more of the plant?

Dr. Waltz – The testing that Kentucky is using may be a good protocol. The bud material that we are looking at is where the highest concentration should be. The genetics logic is that the tip of the plant is showing the highest level of THC, We will have to stay the course until we can find out the best way

Don Robison– The fiber that was HOT is a testing based on a combination of the leaf and the bud material, and it is still showing HOT.

Bruce Kettler – Why are we testing this way?

Dr. Waltz – The bud is where you would find the highest concentration. Therefore, the rest of the plant should be lower than that level. If you test both the bud and the leaf together, we are still finding the plant level is high

John Mandabach – Has there been comparison testing like the 20 cm compared to the 2 inches?

Dr. Waltz – We have done some of that testing and found consistent results.

John Mandabach - We would like to have parity in what varieties can grow in Indiana.

Dr. Waltz – We have found that Kentucky is having the same basic results as Indiana has.

John Mandabach – Do you anticipate publishing what varieties grow and have a level below the level required?

Dr. Waltz- Next year you may see that some of those preferred varieties change. You may find that some varieties grow well in Colorado and not so well in Indiana, or vice versa. We do not think we have the knowledge yet in this crop in order to make those statements of best performing varieties.

Phil Brewer- Concerning testing methodologies, there is conversation around the total THC and THCA and the gas chromatography that make the levels higher. I will be interested in this conversation when the USDA brings their regulations

8. Analytical practices – convergence and development of national hemp analytical standards, AOAC, the Kentucky Laboratory Proficiency Testing service – See website: <http://www.rs.uky.edu/regulatory/hpt...>

Dr. Waltz – States have had a lot of dialogue and are moving towards the standardization of testing. Should different hemp crops be tested in different ways? When do you use one analytical technology over another? The current law seems to require the use of Gas Chromatography and decarboxylation. Many different committees are looking at these issues nationally. The AOAC is developing different methods for analysis. Kentucky has created a national Laboratory Proficiency Testing Program for hemp laboratories. ASTM is developing international standards on many aspects of hemp and CBD.

Q - Are hemp growers that grow for recreational in other states being scrutinized as much as Indiana?

Dr. Waltz – Yes, they are two different crops. Federal and state regulations are 0.3%. Marijuana is set to different standards.

ASTM is developing standards for many things and many different purposes. They are testing Cannabinoids, etc. If you go to their web site you can see the many different things they are looking at.

9. Bruce Kettler – Hemp infrastructure updates and inquiries from business interests national and international...

There continues to be good business interests in the state. We are waiting on the USDA rules and regulations. What kind of commercial enterprise can this be? What end- products can this crop end up being? From the finance and banking standpoint, what are people allowed to do? There is interest in companies coming to Indiana and putting in a processing facility. Please keep us informed as you hear about companies with interest in coming to Indiana. The last 2 or 3 months the interest in fiber has been increasing. Six or so months ago the talk was all about CBD

Q- Is it a possibility to track the THC so that the farmer can harvest the crop if it is climbing?

Dr. Waltz - I think it would be to your benefit to self-monitor. In Kentucky, they have shown that even a 48 hours timeframe can show your THC climbing considerable.

Don Robison - We are currently in the process of vetting labs that meet the Kentucky proficiency testing.

Q – Any news on how the state will enforce the smokable hemp?

Brad Hoffeditz – There is a stipulation that the state cannot enforce the law until the case is closed. It is pending in the court. Law enforcement cannot enforce the statute that went into place July 1. If you are licensed that should not be an issue. If you are not licensed, then that is where the potential issue arises. You cannot differentiate between one and the other in the field. However, without the law in place, we do not have regulations that

shows what law enforcement can or cannot do. However, this topic is not in the purview of this committee.

Bruce Kettler – The smokable hemp topic is not in the purview of this committee.

10. Financial Updates and Banking news – Nicole Buskill, Financial Services...Banks and credit unions can choose who they are chartered with. State chartered institutions are where my department is involved. They can also choose to be federally chartered. There is FDIC insurance and NCUA for credit unions. The financial Crimes Enforcement Network (FinCEN) is the criminal investigation part of the treasury. Banks cannot work with individuals that are acting in criminal activity. Our department investigates that the institutions are safe, are sound, and are not taking on too much risk. In 2013, the US Department of Justice issued the Cole Memorandum, which governed how to enforce and prioritize Marijuana related industries. This Memorandum did not distinguish between Marijuana and Hemp. FinCEN has not updated their regulations yet. It is under the understanding that they are waiting on the USDA regulations to be released. There is anticipation that things will change when the USDA regulations come out. On Aug 28th, the NCUA just issued some guidance for credit unions interested in serving the legalized hemp industry. This is where the regulators are standing right now and they are waiting for things to clear up. There are two bills at the federal level. A House bill has passed out of committee and it is anticipated this week maybe some movement regarding credit card processing for hemp. Even after it passes out of the House, it has to go to the Senate and the President to be signed into a bill. A Senate bill has not had movement. Under the current environment, there has not yet been a large loan demand. As far as deposits, hemp is still connected to the Marijuana regulations and the banks understand the risks. There is a steep learning curve for financial institutions and this area requires due diligence. Without crop insurance, it is riskier to the institution. Bank can turn down service to any customer without providing any reason at all. Even if you are following all of the laws. It is best to have a relationship with your banker.

Bruce Kettler – If I am trying to get into the business, where can we continue to watch for further information?

Nicole – Start relationships with your bankers. There is also the Indiana Bankers Association and the Indiana Credit Union League. Reach out to one of those two institutions in order to keep abreast of the changes.

Jamie Petty– Regarding the comment about relationships with their bankers, there are some farmers having some success with their bankers.

Audience comment - Just because something becomes legal does not make it bankable. Federal law still drives banking laws.

11. If posted, a discussion of USDA proposed federal hemp rules.

12. Update on draft Indiana hemp rules overview and process...PowerPoint presentation by Dr. Waltz

Reviewed 8 minimum USDA requirements for a State Hemp Plan and Indiana requirements for a Hemp Program.

Q – How do you differentiate between THC and THCA?

Dr. Waltz – If, for example, you run a sample thru a Gas Chromatography machine and you get five. If you run the sample thru a Liquid Chromatography machine, you get 3 + 2, so you still get five.

Q – THCA is not psychoactive as my understanding.

Dr. Waltz – Yes. THCA is not psychoactive but it is still included in the testing.

Q – Can you bring back up the fees?

Dr. Waltz – Will post the proposed fees with the meeting minutes.

Q – Are these proposals?

Dr. Waltz – Yes. These are strictly proposals.

Q – What is a facility license?

Dr. Waltz – A commercial facility open to other growers or producers and you offer a service there. Could be storage or processing, etc.

John Mandabach – The things we are discussing are proposed. That is the reason for the committee. What really is most helpful is good, solid reasons and why. Help us understand and what the economic reason is. This is what this committee is charged with doing.

Q – What if I have an acreage permit but I want to process it in my barn?

Dr. Waltz – If you are offering it as a service, then you would need another license. If you are only doing it for yourself, then you are fine.

Q – Where does retail fall?

Dr. Waltz – Once it goes into the product, we do not regulate the product.

Q – Hemp flower can only be sold to a licensed processor?

Dr. Waltz – The retail sale of hemp flower is not in our purview.

Q – Indoor grow minimum of 3000 square feet is not economical for a small farmer. 3000 would push things outside what a small grower could economically afford.

Dr. Waltz - Thank you for your comment.

Q – I would suggest a few hundred dollars for the actual application and then the size fee, but not only allowing such large sizes.

Dr. Waltz – Thank you for your suggestion.

13. Next meeting: Proposed meeting to be established after USDA makes public its proposed rules, but not later than early November if no word is given by USDA...

Dr. Waltz - The next meeting is anticipated after the USDA rules are released. Our charge is that by December 31, 2019 we are to have submitted a plan to USDA. It would have to go thru this committee first and then be submitted. We anticipate licensing becoming active in 2020. We are getting forms prepared. Guidance will be posted on the web site as to when licensing will open. We really encourage growers to plan to the nth degree. Talk with others as to their experiences. There is not a strong infrastructure for people to sell their hemp.

Bruce Kettler – Where is good information to understand the Federal Seed Act?

Don Robison – The OISC web site, OISC.purdue.edu. Click on Seed. Click on Laws/Regulations. 15-15-1 is the State Seed Law. IAC 360 are the Seed Rules. The Federal Seed Act is a simple search.

14. Motion to adjourn.

