

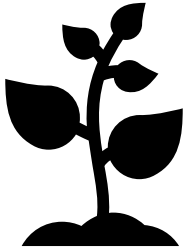
The
**Colorado
Hemp
Advancement &
Management
Plan**

**Dawn Thilmany, Dept of Ag and Resource
Economics and Office of Community and
Economic Development**



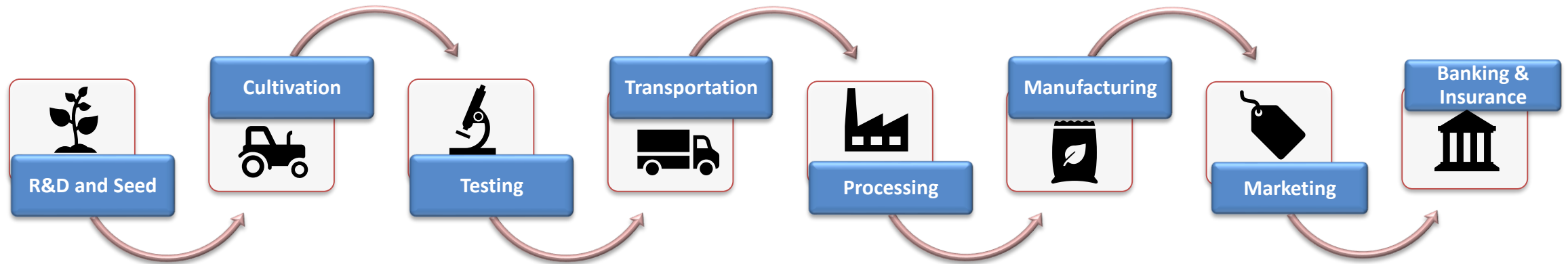
**The Colorado Perspective
November 2019**

Purpose



- Establish Colorado as the national leader in innovative and balanced cannabis policy through a focus on finance, workforce development, diversity, education, R&D, regulatory innovation, and entrepreneurship.
- Develop a statewide initiative to identify both economic advancement opportunities and a regulatory management framework along the full hemp supply chain.

The Hemp Supply Chain



One stakeholder group per link of the supply chain

191
EXPERT STAKEHOLDERS



8 STAKEHOLDER
GROUPS



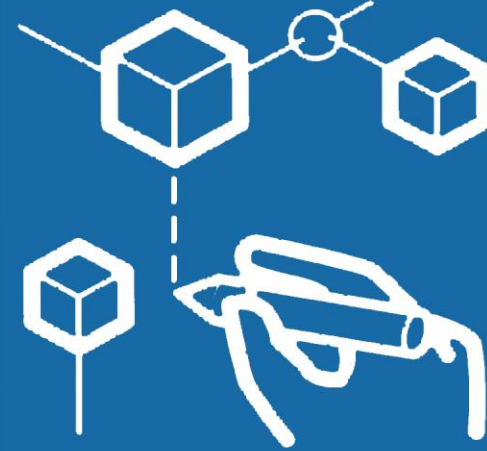
141 Days

SINCE THE
END OF
LEGISLATIVE
SESSION

10 
STATE
AGENCIES

2 TRIBES

3 COLLEGES &
UNIVERSITIES



38
EXECUTIVE COMMITTEE
AND BOARD MEMBERS



 **6** STATE FACILITATORS
5 PUBLIC INPUT MEETINGS
 **2** CONSULTANTS



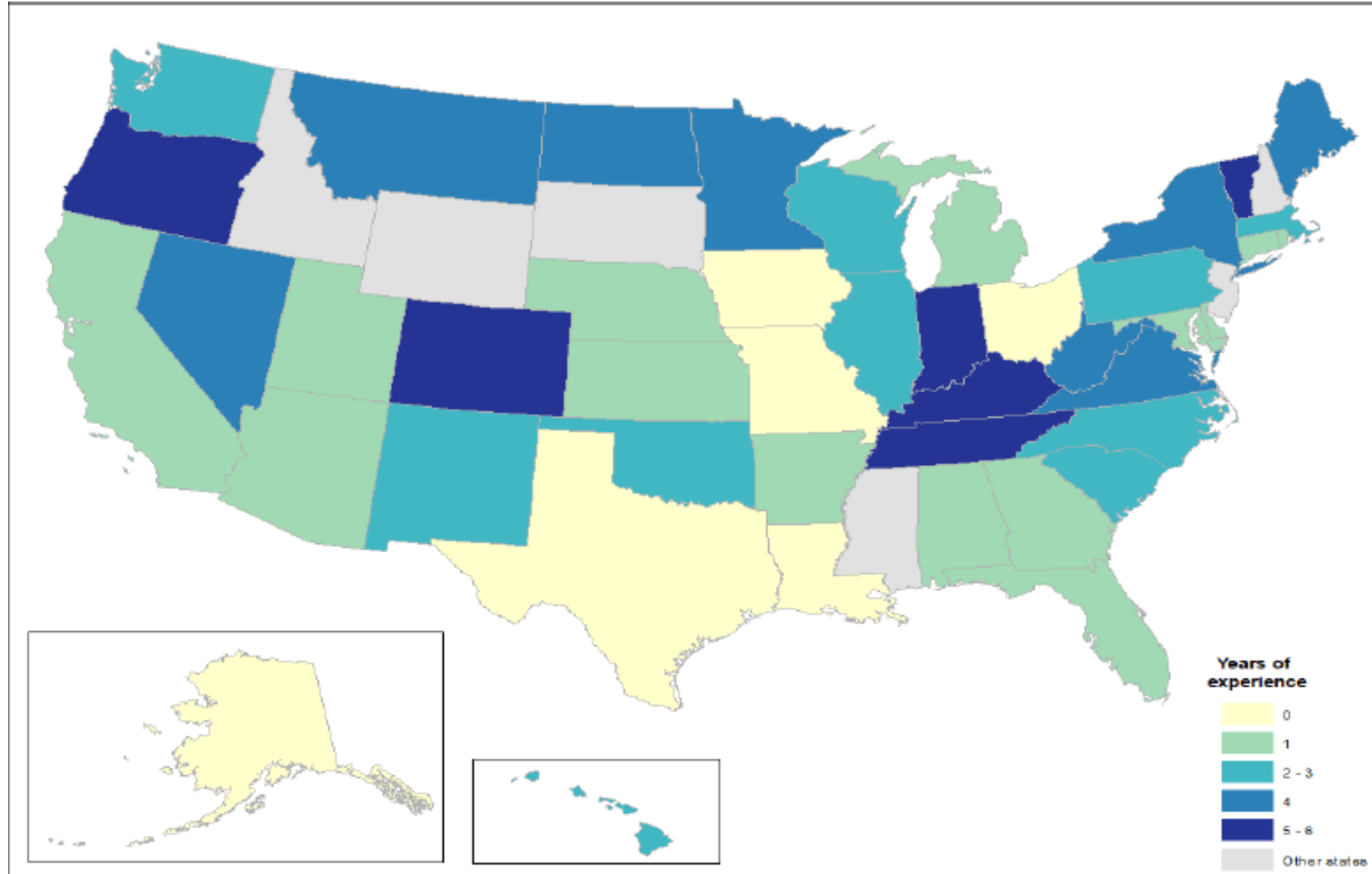
1 COLORADO
BLUEPRINT

The CHAMP Initiative



A LITTLE OVERVIEW

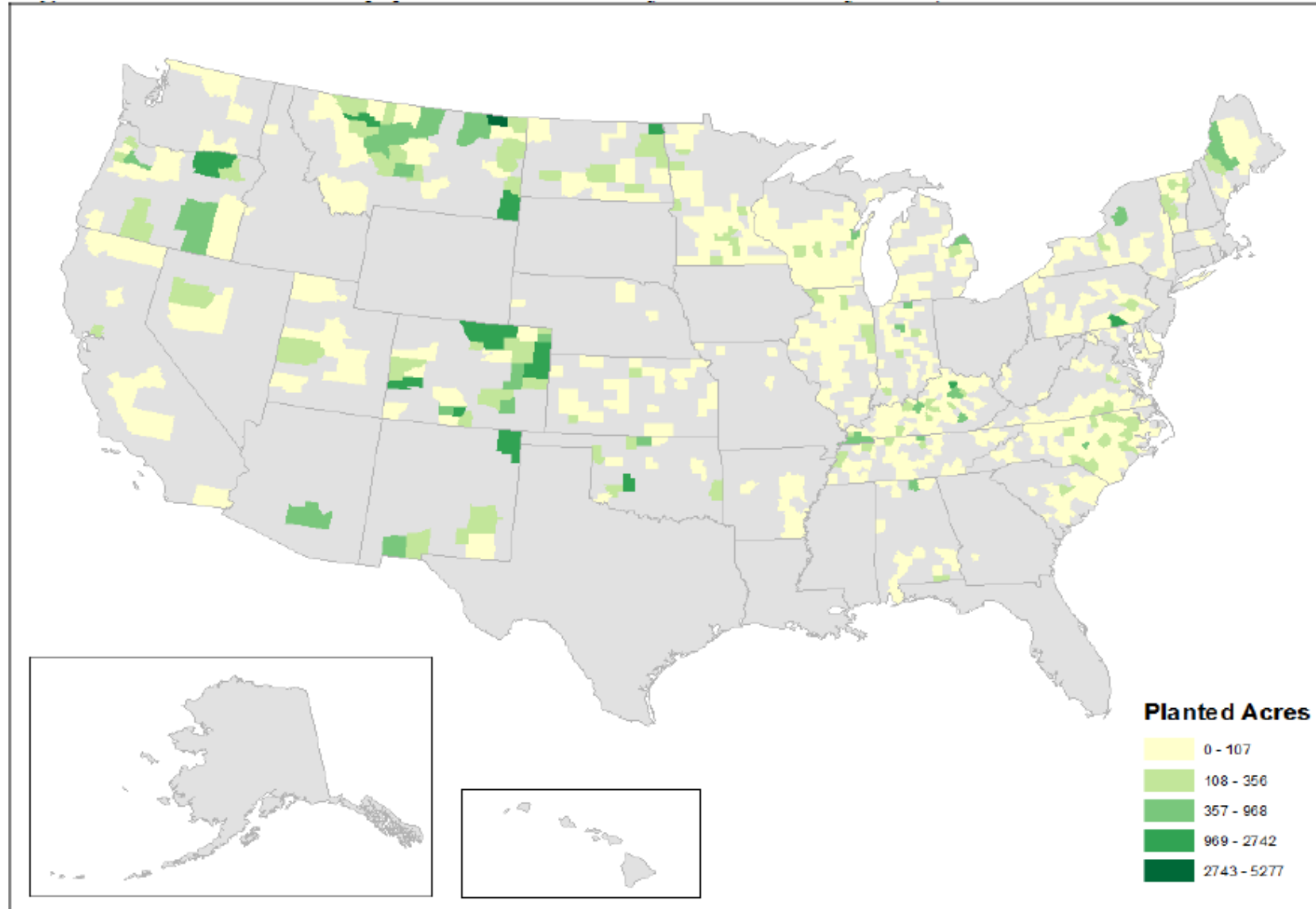
Years of Industrial Hemp Prior to 2019, USDA estimate based on pilot programs



Colorado State Pilot Program for Industrial Hemp

		2014	2015	2016	2017	2018
Planted Area	Grain	N/A	N/A	N/A	N/A	N/A
	Fiber	N/A	N/A	N/A	N/A	N/A
	CBD	N/A	N/A	N/A	N/A	N/A
	Total	1,811	3,567	8,988	12,024	30,950
	GH	253,000	570,980	1,360,000	2,300,000	4,788,523
Processors	Grain	Administered	Administered	Administered	N/A	N/A
	Fiber	through	through	through	N/A	N/A
	CBD	Colorado	Colorado	Colorado	N/A	N/A
	Total	Department of	Department of	Department	20	95
	GH	Public Health and Environment. Emailed John Strauss	Public Health and Environment. Emailed John Strauss	of Public Health and Environment. Emailed John Strauss	N/A	N/A
Fees		N/A	N/A	N/A	N/A	\$500 Application plus \$5/acre and/or \$3.00/1,000 sq ft
Applications	Register	131	166	312	386	835
	Registration	259	333	424	582	1,075
Staff	FT	N/A	N/A	N/A	N/A	3.5
	PT	N/A	N/A	N/A	N/A	N/A

Industrial hemp production density at the county level, 2019



Source: U.S. Department of Agriculture, Farm Service Agency

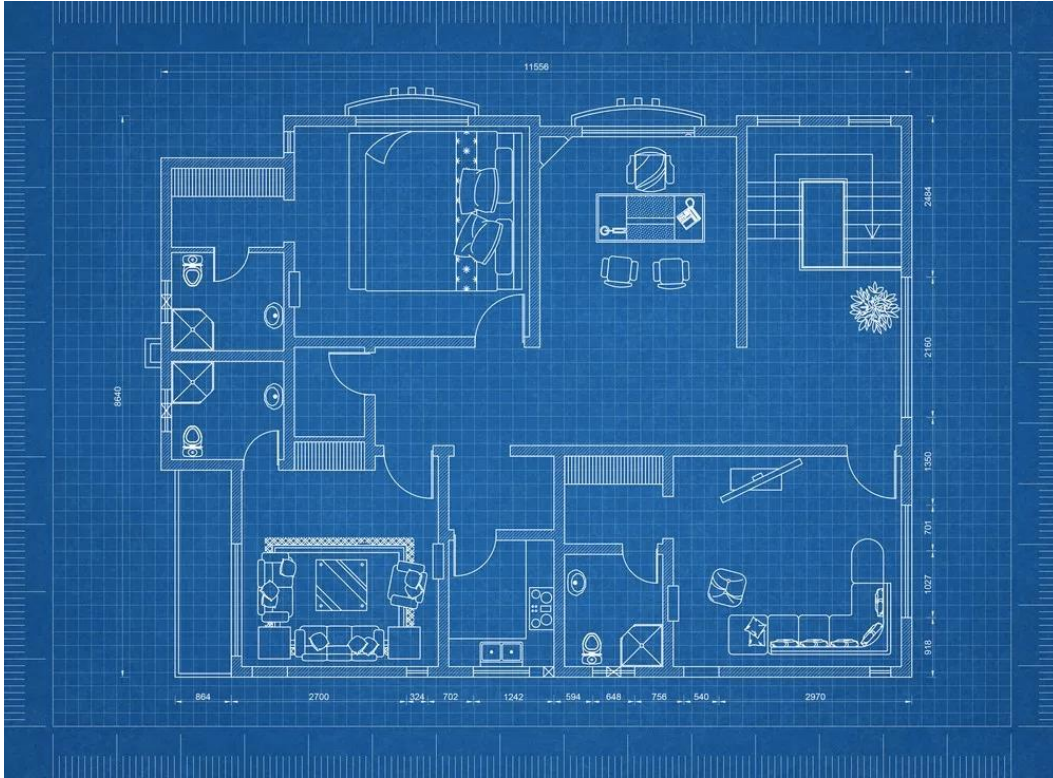
Farm Bill 2018, Section 7605 allows commercial hemp production by 2020 if....

AMS regulations are completed and USDA has approved production plans in those States.

Each State plan is required to include the following:

- a system to maintain relevant information regarding land on which hemp is produced in the State or territory of the Indian tribe, including a legal description of the land, for a period of not less than 3 calendar years;
- a procedure for testing THC levels of hemp produced in the State or territory of the Indian tribe;
- a procedure for the effective disposal of plants that are produced in violation of the THC thresholds, and products derived from those plants;
- a procedure to comply with the enforcement procedures required by the Farm Bill;
- a procedure for conducting annual inspections of, at a minimum, a random sample of hemp producers to verify that hemp is not produced in violation of Farm Bill requirements;
- a certification that the state or Indian tribe has the resources and personnel to carry out the practices and procedures described.

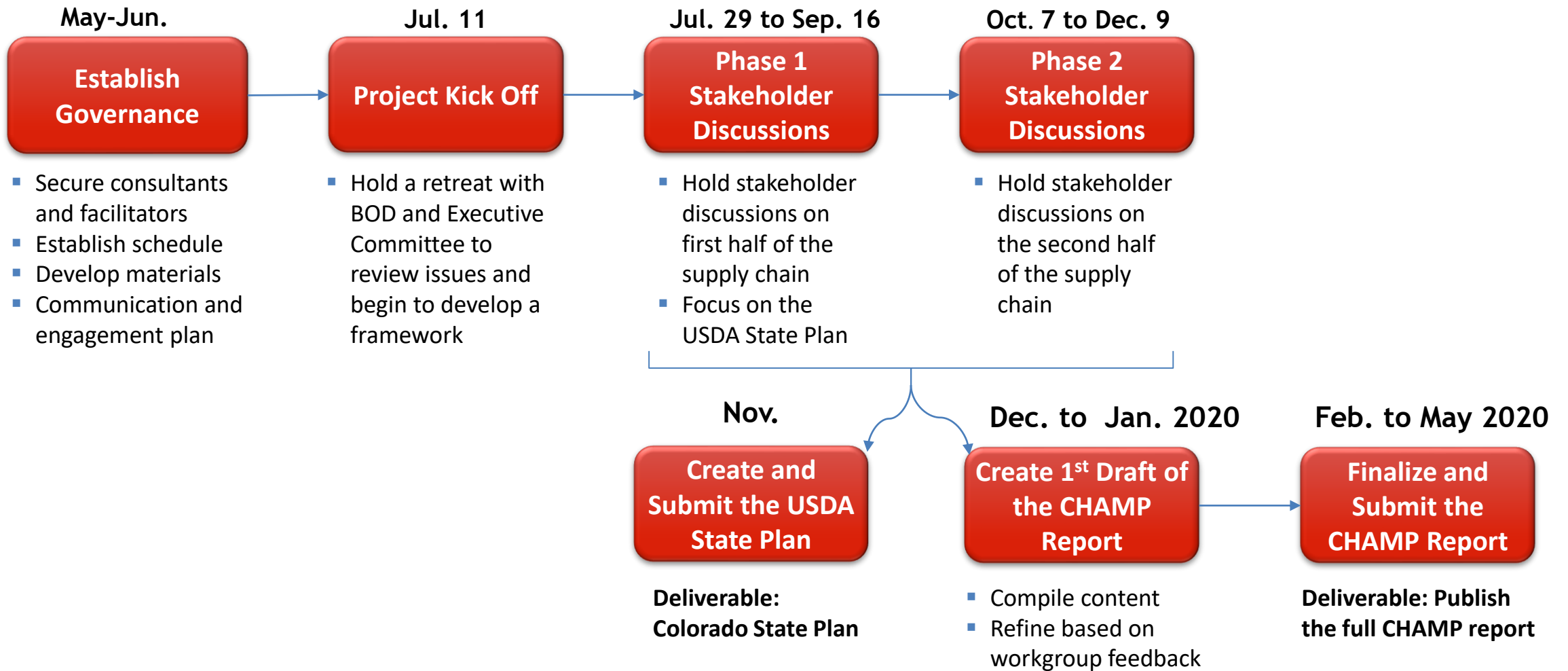
Deliverables



The CHAMP Report: “Colorado Blueprint”

- A comprehensive governing blueprint outlining:
 - Economic advancement opportunities,
 - Administrative rules and procedures,
 - Department resources, and
 - Industry guidelines.
- Based on stakeholder inputs, best practice research, and expertise from both the Executive Committee and consultants
- Submit State plan to USDA to meet Farm Bill requirements

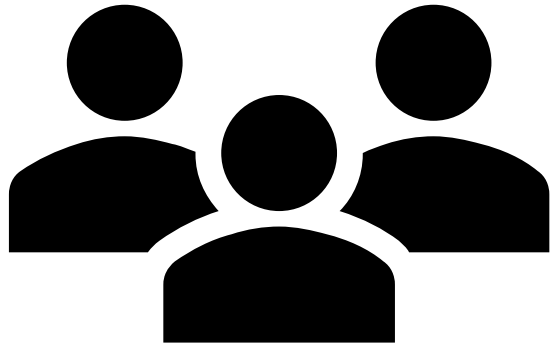
CHAMP Timeline



Workgroup Process: From Concepts to Deliverables



CHAMP Governance



- Board of Directors (12 Members)
- Executive Committee (26 Members)
- Project Team
 - Project Director
 - Consultants
 - Facilitators
- Eight Stakeholder Groups
 - Based on the hemp supply chain links

The Team



Dr. Dawn Thilmany McFadden
*Professor & Agribusiness
Extension Economist*



Adam Orens
Founding partner
Sal Barnes
Director



Micah Schwalb,
Founding Partner



Greg Bellomo
Managing Partner
Brian Pool
Partner



Roles

Stakeholder Groups

1. Participate actively, providing expertise from your stakeholder group
2. Perform independent research and small group discussions (if needed)
3. Drive for consensus on issues to inform the final CHAMP report
4. Communicate concerns to the facilitator

Project Directors

1. Manage the project timeline
2. Provide resources (facilitators, research, etc)
3. Synthesize information and materials for the stakeholder groups
4. Assist in navigating topics, as needed
5. Work with CSU to assemble stakeholder group inputs into a final report

Facilitators

1. Provide a structured approach
2. Keep the stakeholder groups focused and progressing towards their goals
3. Work with members to share relevant data & research
4. Help the group balance perspectives and expertise to achieve consensus

Public

1. Share perspectives during public comment periods
2. Offer inputs via theCHAMP@state.co.us email address



ENGAGING WORKGROUPS

Introductions, Hopes, and Concerns

Goal: Begin to establish a sense of camaraderie amongst workgroup members

Instructions

- Take a minute to write down at least one hope for, and one concern about, the CHAMP initiative
- Use Post-it® notes to record your thought
 - One idea per Post-it®
 - Label whether it is a hope or a concern
 - Place your initials in the lower right corner
- Introduce yourself, sharing your name and role, then share a hope and/or a concern

Example



Hope

Arrive at meaningful
recommendations that
move the industry
forward

JL

▶ **Review this list regularly to make sure we're progressing toward the hopes and managing the concerns**

PEAK Worksheets

Goal: Jumpstart the conversations on each of the deliverables

Process

1. Form small groups
2. Review the PEAK template and an example of one from Phase 1
3. Work in your teams to begin discussing the top of the PEAK worksheet
 1. What **POSITIONS** should Colorado take? What **PRODUCTS** should we produce?
 2. What **EDUCATION** or Research should we engage in?
4. Determine a time when your group will get together to refine the content you created today and complete a first draft of your PEAK worksheet

Statewide Public Engagement Meetings

- In addition to these 24 stakeholder meetings, we held public engagement meetings in Hesperus, Alamosa and Pueblo, as well as a formal public comment meeting on the USDA's Interim Final Rule to ensure comprehensive input was gathered from interested parties.
 - The feedback we received from these meetings reinforced the many similar overarching themes and needs that arose through the stakeholder input discussions, including the need for:
 - A robust educational & research initiatives
 - Strong support systems for small farmers;
 - Access to reliable seeds;
 - Develop a reliable tracking mechanisms for safe and secure transportation;
 - Easier access to banking and insurance resources and services; and
 - Alternative methods to manage non-compliant hemp material.

An Example

PEAK Scoping Document (TEMPLATE WITH GUIDANCE)			
Position or Product to develop			
Education and research			
Action needed to implement			
Key Resources needed			
CHAMP Stakeholder group:	Marketing	Name of Scoping Team Members:	Chris Znerold, Larry Carstensen, Lindsey Topping
Deliverable:	Develop a retail framework		
1. Position to be Taken or Product to be Developed:			
Guidance:	1. Create a online database/platform to connect retailers with Colorado approved and tested processors and manufacturers. Creating a list of Colorado CBD approved processors and manufacturers would be good on CDPHE's website. Something similar to this: https://drive.google.com/file/d/1l3pkvedz5ybhPi1h1xR_nJURoiOoGv--/view		
	2. Consider whether there should be some type of licensing for retailers selling cannabinoids intended for human consumption. We do not feel that special licensing for the retailer is needed so long as the products being sold comply with the rules and regulations established by the Processor CHAMPS group. Sales Licensing could mirror the licensing requirements shown by the City of Denver for selling CBD products at special events. Additional Notes taken from this linked page ... https://www.denvergov.org/content/denvergov/en/office-of-special-events/newsroom/2019/CBDGuide.html "Vendors who intend to sell or distribute hemp/CBD products in Colorado need a business license and/or a tax license. Vendors may need a temporary restaurant license, a food peddler license, and/or a peddler license, depending on the configuration and manner in which the vendor sells or distributes ingestible product. Vendors do not currently need a business license to sell or distribute other classifications of hemp/CBD products. Common examples of other products include Topical products such as lotions or balms containing hemp/CBD, Pet supplements or treats containing hemp/CBD, and Inhalable or vape-able hemp/CBD products. Any vendor who will be making hemp/CBD retail sales must obtain a tax license, regardless of whether a vendor needs a business license. If a vendor has a current sales tax license, no additional tax license is required. Retailers can only use approved hemp sources. If the hemp/CBD product is produced in Colorado, the product must come from a source that is		

Group Refinement and Agreement

Deliverable:	Develop a certification program to manage hemp seeds to ensure a high level of standards
1. Position to be Taken or Product to be Developed:	
Guidance:	<p>We will need to provide a clear definition for "Certified" when applied to a hemp seed label, or when making claims about hemp seed, the use of the term "Certified" shall mean: the process a seed certifying agency goes through, using Association of Official Seed Certifying Agencies (AOSCA) certification standards, to lead towards the production of a class of certified seed, as defined in the Federal Seed Act and the Colorado Seed Act. In other words "Certified" is a class of seed that is certified as to varietal identity/purity, but not traits.</p> <p>In Colorado, the Colorado Seed Growers Association (CSGA) officially operates on behalf of AOSCA. Certified hemp seed, Cannabis sativa, is also tested for THC content by the Colorado Department of Agriculture in compliance with national USDA hemp program standards. In Colorado, Certified hemp seed requires a four part process. 1. Acceptance by the Hemp Variety Review Board appointed by CSGA. The Hemp Variety Review Board, reviews seed applications for breeding history, plant breeding techniques, ownership, and other criteria that would confirm that a "strain" is actually a distinct, uniform, and stable variety as recognized in seed law. If an applicant for variety review makes claims as to variety characteristics or performance, they will be required to submit research data and performance trials to support the claims. This is the same process AOSCA follows for all crops submitted for variety review. The purpose of any review is to determine if a variety is a variety and if it is eligible to be grown in a seed certification program. 2. State wide testing of genetics for THC content to be conducted by the Colorado State University (CSU) Experiment Station cooperating with the Colorado Department of Agriculture (CDA). CSU Experiment Station will plant hemp seed varieties for trial in five different locations around the state; CDA will sample the submitted varieties for THC analysis at plant maturity. 3. In subsequent years seed will be produced (increased) by a CSGA member in accordance with AOSCA standards. 4. Individual seed packages will be tagged with the appropriate Certified Seed tag issued through CSGA or other approved AOSCA member agency.</p>
<p>A position would be a regulatory requirement that needs to be developed through legislation or rule.</p> <p>A product could include new program (regulatory, industry, private), guidance document, standard, economic development initiatives, etc.</p> <p>Briefly describe the position that should be taken regarding or the product that will be produced. (2-3 paragraphs Max).</p>	
2. Education and Research	
<p>To implement the position/product what education or research will be needed?</p> <p>What applicable statutes (State, Federal, Tribal) need to be reviewed?</p> <p>What outside agency or organization can we</p>	<p>Already implemented and in practice. Certified hemp seed in Colorado meets AOSCA standards and complies with Federal Seed Act and Colorado Seed Act. CDA should support a validating process that ensures genetic purity and grower achieves minimal legal THC with reference to feminized plants/seed. This validation process should follow other breeding F1 hybrid processes. CDA will work to develop definitions of standards for feminized seed and labeling by using Seed law. The purpose of Seed law is consumer protection. CDA will develop rules within seed law for labeling hemp seed as pertaining to feminization. If feminization is defined in seed law and is required as a part of label, then this can be enforced. If the grower complains about feminized plants/seed CDA will enforce by investigating in the field and auditing records/labels per authority in seed labeling and seed law. Consumer protection for feminized seed can be wrapped in Seed Law. This solution does not Certify feminized seed; but offers truth in labeling- which appears to be the underlying goal. CDA will communicate with other states and Feds (AMS) to lobby for this type of labeling standard to be adopted U.S. wide through RUSSL (state uniform seed</p>

Phase I Highlights:

RD & Seed, Cultivation, Testing, Transportation

- Promote certified seed and clones, while encouraging the research into new genetics.
- Establish a Center of Excellence Authority for research and education.
- Explore a remediation program for non-compliant plant material above .3% THC.
- Develop blockchain technology to link various database systems to help track the transportation of compliant hemp material through the full supply chain process.
- Establish state certified laboratories to ensure standardized, consistent testing.

Phase II Highlights:

Processing, Manufacturing, Marketing, Banking & Insurance

- Utilize “Good Manufacturing Practices” (GMPs) for processors and manufacturers.
- Provide guidance on marketing claims for CBD products.
- Establish a certification for hemp products that achieve high standards in production and safety.
- Develop mechanisms for sharing data to banking and insurance companies so that the industry can access vital financial services through state banks, credit unions and insurance companies.

Colorado Legislative Initiatives

- We expect the 2020 and 2021 legislative sessions to serve as a catalyst for implementing the CHAMP blueprint.
 - Increase in the CDA's spending authority so it may effectively implement the requirements of the USDA's rules and recommendations on regulating hemp. (Note: an increase in spending authority will not result in increased licensing fees.)
- Should the legislature approve our supplemental funding request, the CDA's Hemp Program and partnering agencies will then begin to:
 - Develop block-chain, or similar technology, that links various database systems together in order to effectively track compliant hemp material through the full supply chain process.
 - Establish a "Center of Excellence" (COE) to serve as the authority for research and education on hemp. CSU will likely be a partner, but the organizational structure is in development
 - Formalize state certified laboratories in partnership with CDPHE to ensure standardized, constant testing.



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