

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON NATURAL RESOURCES, AGRICULTURE,
AND MINING**

**Seventy-Eighth Session
May 12, 2015**

The Committee on Natural Resources, Agriculture, and Mining was called to order by Chair Robin L. Titus at 2:53 p.m. on Tuesday, May 12, 2015, in Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website: www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Robin L. Titus, Chair
Assemblyman Jim Wheeler, Vice Chair
Assemblyman Nelson Araujo
Assemblywoman Maggie Carlton
Assemblyman Richard Carrillo
Assemblywoman Victoria A. Dooling
Assemblyman Chris Edwards
Assemblyman John Ellison
Assemblyman David M. Gardner
Assemblyman Ira Hansen
Assemblyman James Oscarson
Assemblywoman Heidi Swank

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Senator Tick Segerblom, Senate District No. 15

Minutes ID: 1178



STAFF MEMBERS PRESENT:

Susan E. Scholley, Committee Policy Analyst
Jim Penrose, Committee Counsel
Donna J. Ruiz, Committee Secretary
Cheryl L. Williams, Committee Assistant

OTHERS PRESENT:

Kiera Sears, General Counsel, Black Rock Nutraceuticals
Will Adler, Executive Director, Nevada Medical Marijuana Association
Brian O'Callaghan, Government Liaison, Office of Intergovernmental
Services, Las Vegas Metropolitan Police Department
William C. Horne, Esq., representing the Law Office of
William C. Horne, LLC; NuVeda; Alternative Solutions Mediation
Services; and CW Nevada
Eric Spratley, Lieutenant, Legislative Services, Washoe County Sheriff's
Office
Pat Lynch, Private Citizen, Reno, Nevada
Cindy Brown, Private Citizen, Las Vegas, Nevada
Delphine Callahan, Private Citizen, Las Vegas, Nevada
Rick Brown, Private Citizen, Las Vegas, Nevada
Peter Krueger, representing Capitol Partners, LLC; and Nevada Medical
Marijuana Association

Chair Titus:

[Roll was taken. Committee policies and procedures were explained.]
Senator Segerblom should be here in just a moment. He can join in on
testimony for Senate Bill 305 (1st Reprint) when he gets here.

**Senate Bill 305 (1st Reprint): Authorizes industrial hemp farming in this State
under certain circumstances. (BDR 49-656)**

Kiera Sears, General Counsel, Black Rock Nutraceuticals:

I am very pleased with the progression of amendments in this bill thus far.
I thank both the Senate and Assembly committees for hearing it and especially
the bill's sponsor, Senator Segerblom. We are nearly on track for being aligned
with federal law, but there is one change that needs to be made before moving
forward. It is important that industrial hemp not be removed from the definition
of marijuana. The federal government has not done so, and yet it remains
federally legal for Nevada to have an industrial hemp law. If you remove
industrial hemp from the definition of marijuana, law enforcement will no longer
have the means for enforcing this area of the law.

Nowhere in this bill, which would become the new industrial hemp statute, does it prohibit the unauthorized use, cultivation, production, and sale, all of which remain illegal under federal law. It is the marijuana laws under the Controlled Substance Act that prohibit these types of activities.

There is a gray area that exists in federal law where companies are using industrial hemp to create products rich in cannabidiol (CBD). This is the same product that medical marijuana production facilities are manufacturing. This gray area of the law allows the industrial hemp companies to create the same product without going through the licensing process. They are not subject to the same standards and testing that medical marijuana production facilities are. The CBD clause alleviates any gray area in Nevada law. It also removes our state from any future federal trafficking laws. I will be happy to answer any questions you may have on the topic of industrial hemp, cannabis phytochemicals, and the agriculture act. [Submitted testimony ([Exhibit C](#)).]

Will Adler, Executive Director, Nevada Medical Marijuana Association:

I would also like to come out in support of this industrial hemp bill overall and the amendments that were proposed by Kiera Sears ([Exhibit D](#)). The amendments would streamline industrial hemp so that it is strictly for agricultural purposes, not for medical marijuana, or the extraction for medical agents. It would better help law enforcement to remove the excuse that people use that they are just smoking hemp and not marijuana. In that kind of situation, law enforcement is forced to test the product for tetrahydrocannabinol (THC), and it is hard to indicate whether it is hemp or marijuana and it could muddy the waters. Including hemp with marijuana is a positive change to make sure hemp is strictly used for industrial purposes, not as some sort of back route into making medical products or hemp for smoking, which should not do anything for you.

Other than that, I would like to promote hemp itself as a great product with some hemp oil I brought today ([Exhibit E](#)). I would also like to say this hemp oil is sadly a product of Canada. We need to fix this. Hemp should be grown in the United States for U.S. consumption. Currently, all hemp sold in the United States must be grown in Canada, where it already has a thriving market, and then exported to us in its processed form. If we can get this bill passed, it will start an agricultural research project with the universities in the state of Nevada to test and see if hemp is a viable product for the state. It could be used as an industrial boon for the state of Nevada. As a side note, it uses about one-third of the water that alfalfa does. Honestly, it could be a very viable crop for the state of Nevada. I am here to answer any questions about hemp and its uses.

Assemblyman Wheeler:

The way I read this bill, this is simply for a postsecondary educational institution or the Department of Agriculture to start a pilot program. It is not for industrial growth, is that correct?

Kiera Sears:

That is correct. The federal government, through the U.S. Department of Agriculture, initiated studies to find the viability of industrial hemp if it were grown for textile purposes. These studies basically showed that they needed to do more research. That is when they created the Agricultural Act of 2014 and allowed for states to grow specialty crops for research purposes. They want the states to grow on their own and come back with research so they can decide if it is a viable crop to be grown for commercial purposes.

Assemblyman Wheeler:

That is the way I read the bill too. The testimony made me think you were going to be growing it everywhere.

Assemblyman Ellison:

If this is going to be done for a study like you said, and it is not going to be used for commercial or industrial use, how long is it going to take if it does pass and you can get through that first hurdle to where it is grown and used for industrial use? How long until you can actually start producing it as industrial product?

Kiera Sears:

It is currently legal to make hemp products. It is just not legal to grow the hemp. Federal law allows you to import the seeds and the stalks and use it for textile purposes. We already know that there is a market for it. What must take place first is the research institutions, or those contracted through the research institutions, must apply with the State Department of Agriculture and be vetted. Once they are certified and registered, they can start their programs. Once we start research programs, we will be able to give the federal government our statistics on the viability of the crop as used in Nevada agriculture. Once you have these research statistics, the federal government will be more likely to come back and allow us to grow it for commercial purposes.

Chair Titus:

I would like to have Senator Segerblom give his presentation.

Senator Tick Segerblom, Senate District No. 15:

I am not sure what you heard before but this is a movement that is going around the country. It started in Kentucky where they had a couple of acres a few years ago, and now they have 1,500 acres. It is really taking off. The federal law allows a university to do it as a university study. Our bill just says the State Department of Agriculture can develop the regulations to implement this policy that the federal government is allowing. It is a very simple bill, but the reality is hemp is a perfect crop for Nevada. It uses one-third of the water of alfalfa. In this time of drought, it would be great for Fallon, for example. It just seems like one of those things where it would be perfect to try it, and if it does not work out it does not work out. Let the demand and the farming population of Nevada dictate where it goes. This bill allows the state to move forward.

Chair Titus:

Do you have any colleges or universities that have already signed on and said they would be interested in this program if this bill passes?

Senator Segerblom:

I do not. I have not talked to the College of Agriculture, Biotechnology and Natural Resources at the University of Nevada, Reno, but I cannot imagine why they would not want to do it.

Assemblyman Gardner:

Based on my research, I found that the United States is one of the highest hemp users in the entire world. We import it more than any other country. It is a \$1 billion market in Canada alone. Since the federal government changed their law and allowed this to be legalized for these purposes, for these pilot programs, how many states have passed laws like this?

Kiera Sears:

I believe it is seven to nine states. The Desert Research Institute has shown an interest, and they have also shown an interest in medical marijuana growth and research, which is also controlled by the federal government. But they have not been able to move forward yet.

Assemblyman Araujo:

I think anytime that we can provide our higher education institutions with more opportunities to research and grow as an institution, we are doing a good deed. Do you know from the previous states if this expansion of research would allow for us to pursue more federal funding or any future opportunities in terms of funding?

Kiera Sears:

I do not have those statistics, but I can find that out. That is a great question.

Senator Segerblom:

To my knowledge there is no federal funding or grants, it is more of a permission. Kentucky has taken the lead on this but you figure if Kentucky can do it, then Nevada should be able to do it.

Assemblyman Gardner:

Could you talk about some of the uses of hemp? I know there are a lot of them.

Will Adler:

Hemp has thousands and thousands of industrial uses. None of those are getting high, thankfully. It can be used for cordage, rope, and materials for clothing. It can also be made into a silk-like substance, paper, car tires, biofuel, cooking oil, or vegetable oil to be used in salads. It is one of the most versatile plants on earth. It was grown for about 7,000 years before it was banned in 1937. It has many uses and is a viable crop in most climates.

Chair Titus:

Senator, prior to your getting here there was a suggestion about some amendments ([Exhibit D](#)) that were offered. Were those discussed with you and if they were, what are your feelings?

Senator Segerblom:

They have, and I do not oppose them. I personally do not feel they are necessary because the bill is so simple. It just says the State Department of Agriculture will take this over and do what you want to do. I do not think they make it worse, I just think they complicate the issue.

Chair Titus:

I do not see the State Department of Agriculture here. Will anyone be here to speak on their behalf?

Senator Segerblom:

They were in the Senate. It may have been short notice, and they did not realize this was scheduled.

Chair Titus:

I would be interested to see what their testimony was and if they were even interested in developing a program. Have you talked with Director Barbee?

Senator Segerblom:

Yes. The original bill was really complicated. It created a hemp commission with the authority to do it. The commission would work with the University, and if it worked, it worked.

Kiera Sears:

I would like to clarify something. Senator Segerblom is correct in that the bill, as presented and now as rewritten, is simply straightforward allowing the State Department of Agriculture to create the system to vet and qualify to cultivate, but it is important to understand the implications of the law. That is the amendment that I proposed ([Exhibit D](#)). If you take industrial hemp out of the definition of marijuana, because this is a simple bill that just allows research facilities to grow it, you do not give law enforcement any means to prosecute individuals for unauthorized use and cultivation. That was the need for that amendment. Also, it is important that there is a clause in the bill that we separate the medical marijuana production facilities from industrial hemp production facilities and the creation of products around the phytochemicals within the plant.

Chair Titus:

We will now take other testimony in favor of Senate Bill 305 (1st Reprint).

**Brian O'Callaghan, Government Liaison, Office of Intergovernmental Services,
Las Vegas Metropolitan Police Department:**

I want to clarify what Ms. Sears had brought up. To give you an example, in Colorado they have recreational marijuana and they are not allowed to smoke out in the open. The problems the officers are having is they stop smokers thinking they are smoking marijuana, but the smokers tell them it is hemp. The officers would have to take that and test it. With the amendments, they could bypass that. That is one of the reasons for this amendment, and with this amendment we support the bill.

**William C. Horne, Esq., representing the Law Office of William C. Horne, LLC;
NuVeda; Alternative Solutions Mediation Services; and CW Nevada:**

I am here to testify in favor of S.B. 305 (R1) with the amendments as proposed by Ms. Sears. I have worked numerous iterations with law enforcement on this to get to a place where we were all comfortable to achieve our wanted goals. Law enforcement, as you have heard stated, had some enforcement issues, as did industries, particularly dispensaries and cultivated production companies that have gone through the licensing portion of this industry that we created in 2013. They have been vetted, and they have gone through the licensing and participated in the regulatory system to be able to produce these oils for their patients. The industrial hemp plant is high in CBDs and low in THC.

Without the amendments, you have an opportunity for industrial hemp companies to come in, unlicensed and unvetted, and create these CBD oils and do the same thing and present them to patients without having gone through the process that the licensing companies have done. With the proposed amendments, we support S.B. 305 (R1).

Eric Spratley, Lieutenant, Legislative Services, Washoe County Sheriff's Office:

We are here in support of S.B. 305 (R1) with the proposed amendment from Kiera Sears for the reasons stated.

Pat Lynch, Private Citizen, Reno, Nevada:

I am here in support S.B. 305 (R1). Hemp does have multiple uses. This is a coat made from hemp ([Exhibit F](#)). I believe someone brought hemp oil ([Exhibit E](#)). The list of the products that can produced is multitudinous. It happens to be one of the very best building products on the planet. The industry with the agriculture that we create would be enormously valuable to the state. First, I think it would be a valuable crop for the farmers and second, it would help produce a number of other industries. It is not viable to do that right now because importing it is way out of line. I do support this bill and I do hope that you will pass it.

Chair Titus:

Is there anyone in Las Vegas in support of S.B. 305 (R1)? I thank you for your patience and please come forward.

Cindy Brown, Private Citizen, Las Vegas, Nevada:

I am a 21-year voting resident of Nevada, Senate District 3 and Assembly District 10, and I am in favor of the bill. I have a little bit of a problem with the life sentence for somebody transporting cannabis across state lines. I think they could reduce that. At the last hearing, one of the questions was about how much money a farmer would make on hemp versus alfalfa. One of the articles I looked at stated they would make as much as \$3,800 per acre based on the prices in Canada and Europe. An acre should produce 35 tons of fiber, 4 tons of seeds, not to mention the oil. Also, you should know that growing hemp outdoors will not have marijuana hidden in the fields as people try to claim because the hemp will pollinate with the marijuana and make the THC content substantially less. Mixing the two is not in anyone's immediate thoughts. Also, it might be helpful to add an amendment to allow for industrial use the minute the federal government approves it. There is a bill before the U.S. Senate to approve hemp for industrial use. I have provided a couple of websites that will give you more information ([Exhibit G](#)).

I have a second testimony from Darlene Mea that I will read. She is one of the people from Hemp, Inc. and a resident of Nevada since 1979. She fully supports the legalization of growing industrial hemp in Nevada. [Ms. Brown continued reading from the prepared testimony of Darlene Mea ([Exhibit H](#)).]

Chair Titus:

I would appreciate it if you would make sure that you submit all of that testimony.

Cindy Brown:

We have done that already. They were here for the last hearing that was cancelled. There were about eight people here. They could not be here today because they were doing their magazine and it is on a deadline.

Another thing they wanted me to bring up is that Hemp, Inc. is working on a battery, and since we have Tesla and they are all about batteries, they might make a really good partnership once we get this approved federally. If you could make sure there is some sort of amendment that allows it to go through immediately the day they approve it federally they would love that.

Delphine Callahan, Private Citizen, Las Vegas, Nevada:

I am here in support of S.B. 305 (R1). I think it is great for the state of Nevada. Another thing that industrial hemp produces is biodegradable plastics, so it is also great for the environment. I do think the penalties are rather steep, particularly the life in prison. I personally think that unless you commit a violent crime or murder, you should not be in prison for life. That is my personal view. Other than that, I give it a thumbs up and it is great for Nevada. Thank you to all that have worked hard for this bill.

Rick Brown, Private Citizen, Las Vegas, Nevada:

I am for this bill. I agree with the previous speakers. I even agree with the Las Vegas Metropolitan Police Department. Thank you very much, Metro. I have lived here for over 20 years. Every election cycle I hear politicians get up and say we want to diversify our economy and diversify our tax base. I fully agree with that, yet we still seem to be locked on gaming and that type of thing. I support this bill because I can see the possibility of new uses. We can talk about textiles and automobiles. Henry Ford built a car made of hemp, and I believe BMW is also doing research. I think it is time that Nevada get on the cutting edge of an industry like this to create jobs and research institutes. I see it as a boon for Nevada. I would appreciate our politicians rallying together to pass this bill. We need to get research going and get industry looking at us and wanting to set up buildings and manufacturing plants right here in Nevada.

Peter Krueger, representing Capitol Partners, LLC; and Nevada Medical Marijuana Association:

I am here in support. I do not want to take any more of the Committee's time to add to the wonderful testimony that you have already heard.

Chair Titus:

Is there any other testimony in support of S.B. 305 (R1)? [There was none.]
Is there anyone opposed to S.B. 305 (R1)? [There was no one.] Is there any neutral testimony on S.B. 305 (R1)? [There was none.]

Assemblyman Ellison:

Should we go ahead and suspend the rule and vote this out of Committee?

Chair Titus:

There is a question as to whether or not Senator Segerblom is okay with the amendment. He just expressed in his testimony that he did not think we needed it. With respect to the sponsor of this bill, we should take some time and make sure we have this cleared. We will do a work session on Thursday. I will close the hearing on S.B. 305 (R1). Is there any public comment? [There was none.] The meeting is adjourned [at 3:22 p.m.].

[([Exhibit I](#)) was submitted but not discussed.]

RESPECTFULLY SUBMITTED:

Donna J. Ruiz
Committee Secretary

APPROVED BY:

Assemblywoman Robin L. Titus, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Natural Resources, Agriculture, and Mining

Date: May 12, 2015

Time of Meeting: 2:53 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 305 (R1)	C	Kiera Sears, Black Rock Nutraceuticals	Written Testimony
S.B. 305 (R1)	D	Kiera Sears, Black Rock Nutraceuticals	Proposed Amendment
S.B. 305 (R1)	E	Will Adler, Nevada Medical Marijuana Association	Picture of Hemp Oil
S.B. 305 (R1)	F	Pat Lynch, Private Citizen, Reno, Nevada	Picture of Hemp Jacket
S.B. 305 (R1)	G	Cindy Brown, Private Citizen, Las Vegas, Nevada	Written Testimony
S.B. 305 (R1)	H	Darlene Mea, Private Citizen, Las Vegas, Nevada	Written Testimony
S.B. 305 (R1)	I	Senator Tick Segerblom	Presentation