

**MINUTES OF THE  
SENATE COMMITTEE ON NATURAL RESOURCES**

**Seventy-Eighth Session  
March 31, 2015**

The Senate Committee on Natural Resources was called to order by Chair Don Gustavson at 1:30 p.m. on Tuesday, March 31, 2015, in Room 2144 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Don Gustavson, Chair  
Senator Pete Goicoechea, Vice Chair  
Senator James A. Settelmeyer  
Senator David R. Parks  
Senator Mark A. Manendo

**GUEST LEGISLATORS PRESENT:**

Senator Tick Segerblom, Senatorial District No. 3

**STAFF MEMBERS PRESENT:**

Alysa Keller, Policy Analyst  
Matthew Nichols, Counsel  
Gayle Farley, Committee Secretary

**OTHERS PRESENT:**

Pat Lynch  
Mona Lisa Samuelson  
Vicki Higgins, EcoNevada, LLC  
Cindy Brown  
Will Adler, Nevada Medical Marijuana Association  
Kiera Sears, Black Rock Nutraceuticals, LLC  
William Horne, Alternative Solutions; NuVeda; CW Nevada  
Jim Barbee, Director, State Department of Agriculture

**Chair Gustavson:**

I will now open the meeting with Senate Bill (S.B.) 305.

**SENATE BILL 305**: Authorizes industrial cannabis farming in this State under certain circumstances. (BDR 49-656)

**Senator Tick Segerblom (Senatorial District No. 3):**

The name of this bill is incorrect. The name of this bill is the industrial hemp bill not the industrial cannabis bill. We are speaking about hemp not cannabis. We are not talking about something that is smoked. We are talking about hemp, which is a compound that makes ropes, clothes and many other products. Hemp was outlawed in the 1930s because people said it looked like marijuana and it should not be allowed. It is a fact that hemp is a great crop and would be great for rural Nevada as it uses only one-third of the water that alfalfa does. I want to make it clear that this is strictly for industrial purposes and is not intended to make oils or anything else. It could provide a beneficial option for our drought-stricken farms. I have provided a copy of my presentation that demonstrates the beneficial uses for this product ([Exhibit C](#)).

The federal government prohibits the growing of hemp. This bill provides for a State program that would allow hemp to be produced for industrial purposes. The proposed amendments ([Exhibit D](#) and [Exhibit E](#)) change the name in the bill from cannabis to hemp and clarify that this bill is strictly for farmers to produce a commercially viable product.

**Chair Gustavson:**

I do not have the proposed amendments, and the bill as I see it now states that this can only be used for research laboratories in Nevada.

**Senator Segerblom:**

Yes, the State would apply to the federal government, as has Kentucky, to allow for an experimental program. The State would develop that program with the goal of developing a viable industry. This would be similar to the medical marijuana program that was established to grow and sell marijuana for medical purposes. However, marijuana is a Schedule I prohibited drug. This bill is not for marijuana. It is for hemp only, and our goal is to develop a viable industry.

**Chair Gustavson:**

What types of growing conditions are required?

**Senator Segerblom:**

My understanding is that it does not need a lot of water and it could be planted in the spring when it is wet and would not have to be watered.

**Chair Gustavson:**

The information I have states it requires high humidity and warm temperatures. We do not have that type of weather or humidity year-round in northern Nevada.

**Senator Segerblom:**

This is what I have been told by my constituents. This is a commercial opportunity for rural Nevada. This product could not be grown in Clark or Washoe Counties. However, Douglas County farmers have come to me and asked me to do this.

**Senator Settelmeyer:**

Do you have information how this crop would react to high salinity?

**Senator Segerblom:**

No, I do not.

**Senator Goicoechea:**

How much pruning and cultivation would it take for this plant to exceed the 0.3 percent level of tetrahydrocannabinol (THC)?

**Senator Segerblom:**

It will not exceed this level. These particular seeds would never get to that point. It is not in the plant. The main reason hemp was outlawed in the 1930s was because police could not tell the difference between the plant with THC and one without.

**Senator Goicoechea:**

I see in section 26, subsection 7, paragraph (a) of S.B. 305 where it states a crop with the concentration of "More than 0.3 percent (of THC) but not more than 1 percent ... ."

**Senator Segerblom:**

That is what they call cannabidiol (CBD) or cannabinoid, which is not the psychoactive part. It is used for oils. This is strictly for the products in the

presentation I have provided to you, [Exhibit C](#). The THC is not in hemp at all, although they are sister plants. This is not a unique situation; this is something going on nationwide. California has a bill and Kentucky is experimenting with it. It is a trend and my thought is why not have our universities take a look at it.

**Senator Goicoechea:**

The bill says if the concentration exceeds the 0.3 percent level, it has to be marked as failed. Apparently, there is a mechanism where the seeds can get there and in some cases, the levels of THC are increased. There is a possibility of farmers growing something illegal without their knowledge because the levels had surpassed the 0.3 percent.

**Senator Segerblom:**

I have not had time to meet with the people with whom I consulted about [S.B. 305](#). You will hear from the people who drafted the proposed amendments. I would like to make it clear, this bill addresses no CBD products. This bill is for industrial products only.

**Chair Gustavson:**

Is [Exhibit C](#) your presentation?

**Senator Segerblom:**

Yes, it summarizes what the bill does. We took the language from the Kentucky bill. I have not spoken to personnel at the University of Nevada or the State Department of Agriculture (NDA) to get their opinions on this. We want to make clear the difference between medical marijuana and industrial hemp. One of the conditions in this bill is that a corporation cannot own both. They have to be totally separate entities. We want to make certain that you know this is an industrial product. A board will be created to advise the director of the NDA on all matters relating to industrial cannabis.

**Pat Lynch:**

I cofounded a company called Dedicated to You. We are hoping to launch that in Nevada. We have done a lot of research on hemp. I am wearing a jacket made of hemp, my lipstick is made from hemp and we had hemp seeds for breakfast. As shown in Senator Segerblom's presentation, many products can be made from hemp. Hemp is one of the best building products. Unfortunately, these products are expensive because they have to be imported from other

countries. It makes sense to grow our own economy here by implementing our own industries that would grow and bloom here.

**Mona Lisa Samuelson:**

Nevada is behind the times and this bill will do great things for our farmers. It is progressive and it is always frightening when we are working with new ideas. The medical patients of Nevada as well as our general population thank you very much for hearing this bill. This would be a very smart move for Nevada.

**Senator Gustavson:**

This bill will have nothing to do with the medical marijuana issue.

**Vicki Higgins (EcoNevada, LLC):**

I am a medical cannabis advocate. We would like to support this bill. The water usage of the plant is very minimal; however, one watering is not going to be enough to grow this plant, but compared to alfalfa and other crops, water consumption is very low. We support any research in reference to hemp, cannabis or anything within this community.

**Cindy Brown:**

I am in support of S.B. 305. Hemp is known to help clean the air if made into hemp concrete. It extracts all toxins out of the air and it gets stronger with time. It takes approximately 10 years before the concrete is totally hardened. I would like to see in this bill somewhere that genetically modified hemp seeds or any that include pesticides are not allowed. Hemp is very high in CBD, which is good for you.

**Will Adler (Nevada Medical Marijuana Association):**

In general, the Nevada Medical Marijuana Association is in favor of hemp, but not the way the bill is written. We have submitted a proposed amendment to this bill [Exhibit D](#). I will clarify some of the points brought up earlier. The humidity would be for the outdoor production of hemp. In order to loosen the stock to make it into a fibrous material, you would need a high humidity state or a water bath in a factory setting to produce the hemp. To grow it you do not need a high humidity climate. If you are doing the loosening processing of the fibers in the field, you need high humidity. There is no THC in hemp, as was said earlier today; there are no psychoactive ingredients in hemp plants. The language that is in our proposed amendment comes from the Canadian Hemp Trade Alliance. They have a set of approximately 30 strains of cannabis sativa

that have no THC in them. There is also language in our proposed amendment regarding the failure of a hemp crop. There was a situation where a hemp field was downwind from a medical cannabis field and there was cross-pollination due to wind. The following year, tests revealed a crossbreed that was 15 percent or higher and the crop failed. That language must be in the bill.

For the record, we would like to see the term “industrial cannabis” replaced with “industrial hemp” throughout the bill. We would also like section 28 deleted. This section does not need to be in the bill because we want to separate industrial hemp from marijuana. There is no THC in hemp at all, although they are sister plants.

**Senator Goicoechea:**

We have been discussing all the poor farmers here. Does anyone here know the yield of industrial hemp and how much it would be worth?

**Mr. Adler:**

I do not have the current per ton value, but it does use less water than alfalfa.

**Senator Goicoechea:**

How much can I plant and what is it worth? I am listening for farmers here, but I do not hear anyone telling me what a crop would grow in a year or what the value is.

**Mr. Adler:**

I do not have that information. At the present time, hemp is grown in other countries and imported to the United States.

**Senator Manendo:**

We are hearing about how this will affect the farmers, but I do not see any farmers here testifying that they want to do this.

**Kiera Sears (Black Rock Nutraceuticals, LLC):**

The reason there are not many people here to testify may be because it is still federally illegal to grow hemp for consumer purposes. The federal government has made it legal to grow hemp for research purposes and the intent behind that was to glean information on the viable market should it be made legal.

**Senator Manendo:**

I have heard testimony today about the seeds people are eating and the clothes, soap and other products made from hemp. If it is illegal to grow, where is it being grown to make these products?

**Ms. Sears:**

It is not illegal to import hemp seeds and hemp products. It is illegal to grow unless it is grown by a university or a state department of agriculture for research purposes.

**Mr. Adler:**

If it is imported, it has to be a nonviable grain and non-live plant matter, which means the grain has been killed and cannot be replanted or resown.

**Senator Manendo:**

Where do they do this agricultural research?

**Ms. Sears:**

It has to be in an institute for higher education. I have covered this in my written testimony ([Exhibit F](#)).

**Senator Manendo:**

Would testing on animals be a part of this research?

**Ms. Sears:**

No, it is for research of the growth, cultivation and marketing of the plant. The federal government wanted to see if there was a viable market for industrial hemp, so the government allowed it to be grown for research purposes.

**Senator Manendo:**

Where are they doing this?

**Ms. Sears:**

The research is conducted at institutions of higher education or agricultural research.

**Senator Manendo:**

I would like research to find out if they are testing this product on animals.

**Senator Settelmeyer:**

Kentucky did a trial in 1993 and 1994. A university could enter into a memorandum of understanding with an agriculturist to use their property to be a research facility. That currently happens with the cattle industry.

**Ms. Sears:**

Black Rock Nutraceuticals, LLC recently received its provisional license to operate as a medical marijuana production facility in Reno. We oppose this bill for the following reasons: numerous sections of the bill conflict with federal law, the definitions create a market for illegal operations and the language allows industrial hemp companies to evade the licensing requirements as listed in chapter 453A of the *Nevada Revised Statutes* (NRS).

In order to understand the complexities of this issue, I would like to take a moment to briefly explain the chemistry of the plant.

**Chair Gustavson:**

Ms. Sears, we do have a copy of your written testimony and it is quite lengthy. Could you please summarize it for us?

**Ms. Sears:**

My purpose here today is to make certain that the hemp plant is used for industrial purposes only. In the definition of marijuana, federal law states the mature stocks and seeds of the plant are not included in the definition of marijuana. They exempted this part of the plant because they saw this was used for industrial purposes. In the definition of this bill, it includes the flower of the industrial hemp plant. The flower is where CBD is located. Many companies are using the CBD from these plants while creating and selling products, consequently evading State licensing processes. We have provided a proposed amendment, [Exhibit E](#).

**William Horne (Alternative Solutions; NuVeda; CW Nevada):**

I would like to address part of Senator Goicoechea's question about how much this plant will yield. According to a 1990s study from Oregon, it was 3 to 5 tons of baled hemp stock per acre. I do not have a value at this time.



**Senator Goicoechea:**

My researcher has been looking it up, and it looks like the price is between \$179 and almost \$800. There must be a big difference in the quality for such a price range.

**Mr. Horne:**

I am here in opposition to this bill; however, only to the extent of the absence of licensing requirements, which has been briefly outlined by Ms. Sears. Current medical marijuana establishment licensees have gone through a great deal of effort and expense to obtain their licenses. The way this bill is written would be unfair to existing licensees. The entire cannabis industry is federally prohibitive with certain guidelines that have been sent down from the U.S. Department of Justice. The bill in its current form does not support these guidelines. Nevada has worked very hard regulating the new industry of medical marijuana. We are vigorously prosecuting the offenders of marijuana laws. Modifying the bill with the proposed amendments may make the bill more viable; however, without them we could be opening the door to federal scrutiny and intervention.

**Jim Barbee (Director, State Department of Agriculture):**

We are neutral on S.B. 305. The 2012 farm bill allowed for the research of hemp in the NDA with approval of the State. The baseline for this research already exists. The memorandum of understanding that Senator Settelmeyer spoke of earlier is already in place. It would only take the approval of the Legislature to allow that to proceed. What concerns us about the bill is that it creates another unnecessary board and the testing part of the bill. The NDA has the laboratories that would be needed for testing, including the THC levels. We would hope we could keep our agriculture regulatory authorities intact in dealing with this commodity if it was to be approved.

**Chair Gustavson:**

I will close the hearing on S.B. 305 and open the work session on Assembly Bill (A.B.) 78.

**ASSEMBLY BILL 78:** Makes various changes relating to wildlife. (BDR 45-362)

**Alysa Keller (Policy Analyst):**

Assembly Bill 78 authorizes the Board of Wildlife Commissioners to increase the maximum fee that may be collected and used for the prevention and mitigation of damage caused by elk or game mammals not native to Nevada as shown in

the work session document ([Exhibit G](#)). Currently, \$5 of the application processing fee for an elk tag is used for damage prevention and mitigation. The bill authorizes the Wildlife Commissioners, through adoption of a regulation, to increase the fee used for damage prevention and mitigation up to a maximum of \$10. No amendments were proposed.

SENATOR GOICOECHEA MOVED TO DO PASS A.B. 78.

SENATOR SETTELMAYER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS PARKS AND MANENDO VOTED NO.)

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**Chair Gustavson:**

We will open the work session on A.B. 82.

**ASSEMBLY BILL 82**: Makes various changes relating to wildlife. (BDR 45-365)

**Ms. Keller:**

Assembly Bill 82 revises the names of existing Department of Wildlife accounts as follows: Wildlife Fund Account in the State General Fund becomes the Wildlife Account, and the Wildlife Heritage Trust Account becomes the Wildlife Heritage Account as outlined in the work session document ([Exhibit H](#)). The bill reinstates provisions for the deposit and expenditure money received from the sale of trout stamps that were repealed in 2011. The bill also makes language on permissible uses of funds consistent with usage elsewhere in Title 45, Wildlife, of *Nevada Revised Statutes*. No amendments were proposed.

Assembly Bill No. 525 of the 76th Session, repealed NRS 502.327 that provided for the deposit and expenditure of money received from the sale of trout stamps. The phrase, "protection, propagation and management," is used throughout NRS Title 45.

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SENATOR GOICOECHEA MOVED TO DO PASS A.B. 82.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Gustavson:**

There being no further testimony or public comment, the Senate Committee on Natural Resources is adjourned at 2:32 p.m.

RESPECTFULLY SUBMITTED:

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Gayle Farley,  
Committee Secretary

APPROVED BY:

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Senator Don Gustavson, Chair

DATE: \_\_\_\_\_

EXHIBIT SUMMARY				
Bill	Exhibit		Witness or Agency	Description
	A	1		Agenda
	B	4		Attendance Roster
S.B. 305	C	13	Senator Tick Segerblom	Presentation
S.B. 305	D	1	Will Adler	Proposed Amendment
S.B. 305	E	2	Kiera Sears	Proposed Amendment
S.B. 305	F	14	Kiera Sears	Written Testimony
A.B. 78	G	7	Alysa Keller	Work Session Document
A.B. 82	H	20	Alysa Keller	Work Session Document