



# Hse. Comm. No. 21-80 House of Representatives

TWENTY-FIRST NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
P.O. BOX 500586  
SAIPAN, MP 96950

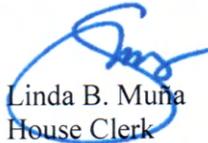
October 30, 2019

The Honorable Victor B. Hocog  
President  
The Senate  
Twenty-First Northern Marianas  
Commonwealth Legislature  
Capitol Hill  
Saipan, MP 96950

Dear Senate President Hocog:

I have the honor of transmitting herewith for Senate action **H. B. No. 21-55, HD1**, entitled: **“To amend 1 CMC Division 2, Part 1, Chapter 13, Article 7 to allow for the Department of Lands and Natural Resources, Division of Agriculture to regulate hemp in the Commonwealth of the Northern Mariana Islands.”**, which was passed by the House of Representatives on First and Final Reading, by the majority vote of the members present, a quorum being present, during its Sixth Day, Second Regular Session on October 28, 2019.

Sincerely yours,

  
Linda B. Muña  
House Clerk

Attachment

*Transmittal to the SENATE*

Received by: 

Date: 10/30/19

Time: 1:15 pm

**TWENTY-FIRST NORTHERN MARIANAS COMMONWEALTH**

**LEGISLATURE**

**IN THE HOUSE OF REPRESENTATIVES**

**JUNE 11, 2019**

**Third Special Session, 2019**

**H. B. 21-55, HD1**

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**A BILL FOR AN ACT**

To amend 1 CMC Division 2, Part 1, Chapter 13, Article 7 to allow for the Department of Lands and Natural Resources, Division of Agriculture to regulate hemp in the Commonwealth of the Northern Mariana Islands.

**BE IT ENACTED BY THE 21ST NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:**

1           **Section 1. Short Title.** This Act shall be cited as the “CNMI Hemp Farming  
2 Industry Act of 2019”.

3           **Section 2. Findings and Purpose.** The Legislature finds that hemp, similar  
4 to Marijuana, is a strain of the *Cannabis Sativa* plant species that is grown  
5 specifically for industrial purposes. Furthermore, hemp can be diligently refined  
6 into variations of commercial products such as paper, clothing, textiles,  
7 biodegradable plastics, biofuel, oil, food, and so forth. Despite the similar  
8 classifications between hemp and marijuana, both respective strains contain  
9 different chemical make-up levels of the psychoactive component  
10 tetrahydrocannabinol (THC) in which hemp has a THC level of less than .3% and  
11 marijuana ranges between 5% and 35%. Further, hemp is considered to be the more  
12 adaptable strain in which it can grow in different climates, whereas marijuana must

**HOUSE BILL 21-55, HD1**

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1 be grown in a controlled atmosphere. Given the various differences between both  
2 strains, the Legislature deems it appropriate that hemp must not be classified in the  
3 same category as marijuana and should be managed accordingly.

4         The Agriculture Improvement Act of 2018, was signed into law on  
5 December 20, 2018 (U.S. Public Law 115-334). The new law removes hemp as a  
6 Schedule 1 controlled substance and provides for regulation of the hemp industry  
7 at the state level. The federal law requires the state department responsible for  
8 agriculture to develop a regulatory structure following the federal requirements and  
9 submit their regulatory plan to the U.S. Department of Agriculture for approval. In  
10 the absence of an approved regulatory plan, the federal government would regulate  
11 the hemp industry at the federal level, preempting the Commonwealth's ability to  
12 regulate the industry.

13         The Bill provides for penalties for a violation of the Department of  
14 Agriculture's regulations patterned after the requirements of U.S. Public Law No.  
15 115-334.

16         Furthermore, the legislation aims to allow hemp producers to be eligible for  
17 federal funding by certain federal agencies such as the United States Department of  
18 Agriculture (USDA). The Legislature finds that under the exceptional management  
19 and oversight of the Department of Lands and Natural Resources, hemp will

1 provide an exceptional opportunity that will allow for our islands to stimulate our  
2 economy.

3 The purpose of this Act is to allow for the Department of Lands and Natural  
4 Resources, Division of Agriculture to establish regulations for the hemp industry  
5 in the Commonwealth of the Northern Mariana Islands consistent with the federal  
6 requirements.

7 **Section 3. Amendment.** 1 CMC Division 2, Part 1, Chapter 13, Article 7.  
8 Division of Agriculture is hereby amended as follows:

9 “Subpart A. Agricultural Equipment.

10 (Sections 2721 through 2727 unchanged)

11 Subpart B. Hemp Production.

12 § 2730. Definitions.

13 (a) Hemp. “Hemp” means the plant of the genus cannabis and any  
14 part of the plant, whether growing or not, with a delta9-  
15 tetrahydrocannabinol concentration that does not exceed three tenths  
16 percent (0.3%) on a dry weight basis for any part of the plant cannabis, or  
17 per volume or weight of marijuana product, or the combined percent of  
18 delta-9-tetrahydrocannabinol and tetrahydrocannabinolic acid in any part of  
19 the plant cannabis regardless of moisture content.

20 (b) Secretary. “Secretary” means the Secretary of the Department  
21 of Lands and Natural resources.

1           (c) Department. "Department" means the Department of Lands and  
2           Natural resources.

3           §2731. Hemp Industry.

4           (a) Notwithstanding any Commonwealth Law to the contrary the  
5           Department of Lands and Natural Resources, Division of Agriculture shall  
6           have the primary regulatory authority over the production of hemp in the  
7           Commonwealth.

8           (b) The Secretary of the Department of Lands and Natural  
9           Resources, in consultation with the Director of the Division of Agriculture  
10          shall promulgate rules and regulations necessary to regulate the production  
11          of hemp in the Commonwealth, including establishing fees and  
12          requirements for licenses to produce hemp.

13          (c) The rules and regulations promulgated by the Secretary shall be  
14          consistent with and meet the requirements for a state plan as set forth in  
15          U.S. Public Law No. 115-334, Subtitle G – Hemp Production.

16          §2732. Violations.

17          (a) In general - A violation of the regulations promulgated under this  
18          Subpart shall be subject to enforcement solely in accordance with this  
19          section.

20          (b) Negligent violations:

21                  (1) In general - A hemp producer shall be subject to  
22                  subparagraph (2) of this paragraph if the Division of Agriculture

1 determines that the hemp producer has negligently violated the  
2 regulations promulgated under §2131(c), including by negligently:

3 (A) failing to provide a legal description of land on  
4 which the producer produces hemp;

5 (B) failing to obtain a license or other required  
6 authorization from the Department Division of Agriculture;

7 or

8 (C) producing Cannabis sativa L. with a delta-9  
9 tetrahydrocannabinol concentration of more than 0.3 percent  
10 on a dry weight basis.

11 (2) Corrective action plan - A hemp producer described in  
12 subparagraph (1) shall comply with a plan established by the  
13 Division of Agriculture, to correct the negligent violation, including:

14 (A) a reasonable date by which the hemp producer  
15 shall correct the negligent violation; and

16 (B) a requirement that the hemp producer shall  
17 periodically report to the Division of Agriculture, as  
18 applicable, on the compliance of the hemp producer with the  
19 regulations for a period of not less than the next 2 calendar  
20 years.

21 (3) Result of negligent violation - Except as provided in  
22 subparagraph (4), a hemp producer that negligently violates the

1 regulations under subparagraph (1) shall not be subject to any  
2 criminal or civil enforcement action other than the enforcement  
3 action authorized under subparagraph (2).

4 (4) Repeat violations - A hemp producer that negligently  
5 violates the regulations under (1) 3 times in a 5-year period shall be  
6 ineligible to produce hemp for a period of 5 years beginning on the  
7 date of the third violation.

8 (c) Other violations – Any person who willfully violates the  
9 regulations promulgated under this Subpart shall be punishable by up to one  
10 (1) year imprisonment or a fine of up to \$2,500.00, or both.

11 (d) The Secretary of Finance shall establish a revolving account  
12 separate from the General Fund, in which 25% of the funds collected shall  
13 be deposited and used for enforcement operations for the Department of  
14 Land and Natural Resources.”

15 **Section 4. Severability.** If any provisions of this Act or the application of  
16 any such provision to any person or circumstance should be held invalid by a court  
17 of competent jurisdiction, the remainder of this Act or the application of its  
18 provisions to persons or circumstances other than those to which it is held invalid  
19 shall not be affected thereby.

20 **Section 5. Savings Clause.** This Act and any repealer contained herein  
21 shall not be construed as affecting any existing right acquired under contract or  
22 acquired under statutes repealed or under any rule, regulation, or order adopted

HOUSE BILL 21-55, HD1

1 under the statutes. Repealers contained in this Act shall not affect any proceeding  
2 instituted under or pursuant to prior law. The enactment of the Act shall not have  
3 the effect of terminating, or in any way modifying, any liability, civil or criminal,  
4 which shall already be in existence on the date this Act becomes effective.

5 **Section 6. Effective Date.** This Act shall take effect upon its approval by  
6 the Governor, or its becoming law without such approval.

Prefiled: 5/31/19

Date: 5/13/19

Introduced by: /s/ Rep. Marco T. Peter  
/s/ Rep. Blas Jonathan "BJ" T. Attao  
/s/ Rep. Antonio SN. Borja  
/s/ Rep. Joel C. Camacho  
/s/ Rep. Luis John DLG. Castro  
/s/ Rep. Ralph N. Yumul

Reviewed for Legal Sufficiency by:

/s/ John F. Cool  
House Legal Counsel



**HOUSE OF REPRESENTATIVES**  
TWENTY-FIRST NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
P.O. Box 500586, SAIPAN, MP 96950

Antonio SN. Borja  
Chairman  
Natural Resources Committee

*Adopted - 10/28/19 vv*  
STANDING COMMITTEE REPORT NO. 21-42  
DATE: July 30, 2019  
RE: H.B. No. 21-55

The Honorable Blas Jonathan "BJ" T. Attao  
Speaker of the House of Representatives  
Twenty-First Northern Marianas  
Commonwealth Legislature  
Capitol Hill  
Saipan, MP 96950

Dear Mr. Speaker:

Your Committee on Natural Resources to which was referred:

H. B. No. 21-55:

"To amend 1 CMC Division 2, Part 1, Chapter 13, Article 7 to allow for the Department of Lands and Natural Resources, Division of Agriculture to regulate hemp in the Commonwealth of the Northern Mariana Islands."

begs leave to report as follows:

**I. RECOMMENDATION:**

After considerable discussion, your Committee recommends that H. B. No. 21-55 be passed by the House in the form of House Draft 1.

**II. ANALYSIS:**

A. Purpose:

To amend 1 CMC Division 2, Part 1, Chapter 13, Article 7 to allow for the Department of Lands and Natural Resources, Division of Agriculture to regulate hemp in the Commonwealth of the Northern Mariana Islands.

B. Amendments:

In addition to non-substantive technical amendments, the Committee made the following amendments to strengthen the intent of House Bill No. 21-55.

- Page 4:
  - Line 4:
    - **Inserted** the following language “Notwithstanding any Commonwealth Law to the contrary”
  
- Page 6:
  - Line 11:
    - **Inserted** the following language “(d) The Secretary of Finance shall establish a revolving account separate from the General Fund, in which 25% of the funds collected shall be deposited and used for enforcement operations for the Department of Lands and Natural Resources.”

C. Committee Findings:

Your Committee finds that there are many different varieties of the cannabis plant. Hemp – also called industrial hemp – refers to the non-psychoactive (less than 1% THC) varieties of *Cannabis sativa* L. Both hemp and marijuana come from the same cannabis species, but are genetically distinct and are further distinguished by use, chemical makeup, and cultivation methods. Furthermore, hemp can be grown as a renewable source for raw materials that can be incorporated into thousands of products. Its seeds and flowers are used in health foods, organic body care, and other nutraceuticals. The fibers and stalks are used in hemp clothing, construction materials, paper, biofuels, plastic composites, and more.

Your Committee further finds that on December 12, 2018 the United States Congress voted to pass the Agriculture Improvement Act of 2018, more commonly referred to as the Farm Bill. The bill was signed into law by President Trump on December 20, 2018. The new law which included important policy extensions for certain areas in agricultural and nutritional policy for the next five years, also confirms the legalization of hemp – the term given to cannabis containing less than 0.3% tetrahydrocannabinol (THC) – and provisions

for its cultivation, transport, and sale. Moreover, your committee finds that previous legislation, namely the 1937 Marihuana Tax Act and the 1970 Controlled Substances Act, failed to make any distinction between the cannabis and hemp plant, as a result, hemp was banned and classified as a Schedule 1 drug alongside cannabis in the same schedule as heroin, LSD and ecstasy. With the passing of this Farm Bill, that difference has now been officially recognized and the prohibition lifted.

In many states, small pilot programs for hemp cultivation and study have been running for several years as a consequence for the 2014 Farm Bill. This bill allowed for the creation of small state-level pilot programs for the growth and study of industrial hemp if a state wished to do so. These programs were subject to the approval of both the U.S. Department of Agriculture (USDA) and the state departments of agriculture and were highly restricted in terms of their operations. Under the 2018 Farm Bill, the cultivation of hemp will be allowed more broadly. As the legislation has passed at the federal level, hemp and hemp products will also be allowed to move across state borders, but, there will still be some restrictions in place. At the same time, the proposed legislation (House Bill No. 21-55) aims to allow hemp producers to be eligible for federal funding by certain federal agencies such as the United States Department of Agriculture (USDA). Which in return, will provide an opportunity for individuals in our Commonwealth to avail of such funding in order to stimulate and revive our economy.

In closing, it is the intent of your Committee to amend the proposed legislation to add a provision that allows the Secretary of Finance to establish a revolving account separate from the General Fund, in which a certain percentage of the funds collected shall be deposited and used for enforcement operations for the Department of Lands and Natural Resources (DLNR). By appropriating the Department of Lands and Natural Resources to avail of such funds, in exchange will help address enforcement issues within the CNMI Government and the agency in general.

D. Public Comments/Public Hearing:

No public hearing was scheduled for House Bill 21-55. However comments were solicited from the respective agencies.

Your Committee solicited comments from the following agencies:

- Department of Lands and Natural Resources
- Joaquin Ogumoro, Director, Department of Agriculture (DLNR)
- Department of Commerce
- Office of the Attorney General

\*However only (1) comment was received:

- Department of Lands and Natural Resources, letter dated September 30, 2019

E. Legislative History:

House Bill No. 21-55 was introduced by Representative Marco T. Peter on June 11, 2019 to the House and was referred to the House Standing Committee on Natural Resources.

F. Cost Benefit:

The enactment of House Bill No. 21-55, HD1 will result in additional cost to the CNMI Government in the form of additional resources (staff, assessments, etc) needed to fully implement and effectuate the intent of the proposed legislation. However, the benefits of providing a better regulated industry heavily outweighs the costs.

III. CONCLUSION:

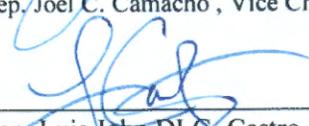
The Committee is in accord with the intent and purpose of H. B. NO. 21-55, and recommends its passage in the form of House Draft 1.

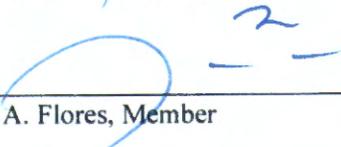
Respectfully submitted,

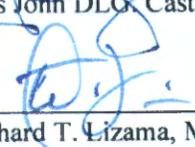
  
\_\_\_\_\_  
Rep. Antonio SN. Borja, Chairman

  
\_\_\_\_\_  
Rep. Joel C. Camacho, Vice Chairman

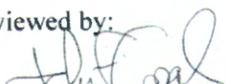
  
\_\_\_\_\_  
Rep. Roman C. Benavente, Member

  
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Rep. Luis John DLG. Castro, Member

  
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Rep. Joseph A. Flores, Member

  
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Rep. Richard T. Lizama, Member

  
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Rep. Ralph N. Yumul, Member

Reviewed by:  
  
\_\_\_\_\_  
House Legal Counsel

Attachment:

Standing Committee Report No. 21-42  
RE: H.B. No. 21-55  
Page 5

- Letter dated September 30, 2019, Anthony T. Benavente, Secretary, Department of Lands and Natural Resources



Commonwealth of the Northern Mariana Islands  
Department of Lands and Natural Resources

Lower Base, Caller Box 10007  
Saipan, MP 96950  
Tel: 670-322-9834 Fax: 670-322-2633



September 30, 2019

Hon. Antonio SN. Borja  
Chairman, Committee on Natural Resources  
21<sup>ST</sup> NORTHERN MARIANA ISLANDS LEGISLATURE  
Saipan, MP 96950

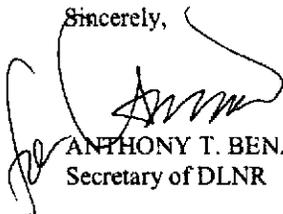
Dear Chairperson Borja:

Thank you for allowing the Department of Lands and Natural Resources (DLNR) to provide comments on HB No. 21-55. The intent of the Bill is great! It will provide for the regulating of the hcmp industry within the Commonwealth of Northern Mariana Islands

However, it also lacks the necessary earmark to support its purpose. The funds mentioned in the Bill under penalties are a good start; unfortunately, collecting fines, no matter how hefty they may appear, will not generate revenue. I propose amending the bill to include a provision to generate and provide the necessary funds to ensure consistency with the federal requirements. This amendment will give support to the industry by putting the proper regulations in place and push it to thrive from the start.

It will be an honor if the Legislature can assist this Department in providing the proper funding to help it realize this important goal. Once again, thank you for the opportunity. Should you have any questions or require further assistance, please do not hesitate to let me know.

Sincerely,

  
ANTHONY T. BENAVENTE  
Secretary of DLNR

Cc: Director, Div. of Agriculture  
File