APPLICATION FOR INITIATIVE OR REFERENDUM PETITION SERIAL NUMBER

Secretary of State
1700 W. Washington Street, 7th Floor
Phoenix, AZ 85007

The undersigned intends to circulate and file an **INITIATIVE** or a **REFERENDUM** (circle the appropriate word) petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Pursuant to Arizona Revised Statutes § 19-111, attached hereto is the full text, in no less than eight point type, of the **MEASURE** or **CONSTITUTIONAL AMENDMENT** (circle appropriate word) intended to be **INITIATED** or **REFERRED** (circle appropriate word) at the next general election.

SUMMARY: A description of no more than one hundred words of the principal provisions of the proposed law, constitutional amendment or measure that will appear in no less than eight point type on the face of each petition signature sheet to be circulated.

THIS MEASURE SHALL BE KNOWN AS THE "ARIZONA INDUSTRIAL HEMP FARMING ACT". THIS MEASURE ESTABLISHES AN INDUSTRIAL HEMP COMMITTEE IN COORDINATION WITH THE ARIZONA DEPARTMENT OF AGRICULTURE AND ALLOWS INDUSTRIAL HEMP PERMITTED GROWTH BY PERSONS REGISTERED WITH THE STATE. THIS MEASURE ALSO DEFINES THE RULES FOR REGISTRATION AND CULTIVATION OF INDUSTRIAL HEMP FOR RESEARCH AND DEVELOPMENT AND COMMERCIAL PURPOSES. THIS MEASURE DEEMS THE ARIZONA DEPARTMENT OF AGRICULTURE SHALL ADMINISTER AN INDUSTRIAL HEMP GRANT RESEARCH PROGRAM SO THAT STATE INSTITUTIONS OF HIGHER EDUCATION MAY CONDUCT RESEARCH TO DEVELOP OR RECREATE STRAINS OF INDUSTRIAL HEMP BEST SUITED FOR INDUSTRIAL APPLICATIONS IN ARIZONA.

Signature of Applicant

CHRISTIAN G. CARRASCO
Printed Name of Applicant

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HOW ARIZONA
Name of Organization (if any)

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CHRISTIAN G. CARRASCO - CHAIRMAN
Name of Officer and Title

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Date of Application December 18, 2014

Signatures Required 150,642

Deadline for Filing July 7, 2016

Serial Number Issued I-04-2016

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CFID 201600006

AN INITIATIVE MEASURE CONCERNING THE CREATION OF A PROGRAM IN THE DEPARTMENT OF AGRICULTURE TO REGULATE INDUSTRIAL HEMP PRODUCTION.

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Be it enacted by the people of the state of Arizona:

Section 1 - **TITLE.** ARIZONA INDUSTRIAL HEMP FARMING ACT

Section 2 - **DEFINITIONS.** AS USED IN THIS MEASURE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "CERTIFIED SEED" MEANS INDUSTRIAL HEMP SEED, INCLUDING ARIZONA HERITAGE CANNABIS SEED, THAT HAS BEEN CERTIFIED BY AN ORGANIZATION RECOGNIZED BY THE DEPARTMENT AS HAVING NO MORE THAN A THREE-TENTHS OF ONE PERCENT OF DELTA-9 TETRAHYDROCANNABINOL CONCENTRATION ON A DRY-WEIGHT BASIS.

(2) "ARIZONA HERITAGE CANNABIS SEED" MEANS SEED FROM THE PLANT CANNABIS SATIVA THAT POSSESSES CHARACTERISTICS OF A UNIQUE AND SPECIALIZED CANNABIS SEED VARIETY THAT IS PRESENT IN ARIZONA OR HAS BEEN RECOGNIZED AS PRODUCED IN ARIZONA.

(3) "DIRECTOR" MEANS THE DIRECTOR OF AGRICULTURE.

(4) "COMMITTEE" MEANS THE INDUSTRIAL HEMP COMMITTEE ESTABLISHED IN *SECTION 4* OF THIS MEASURE.

(5) "DEPARTMENT" MEANS THE DEPARTMENT OF AGRICULTURE.

(6) "DELTA-9 TETRAHYDROCANNABINOL" HAS THE SAME MEANING AS "TETRAHYDROCANNABINOL" AS SET FORTH IN *TITLE 36-2501 A.R.S.*

(7) "INDUSTRIAL HEMP" MEANS A PLANT OF THE GENUS CANNABIS AND ANY PART OF THE PLANT, WHETHER GROWING OR NOT, CONTAINING A DELTA-9 TETRAHYDROCANNABINOL CONCENTRATION OF NO MORE THAN THREE-TENTHS OF ONE PERCENT ON A DRY WEIGHT BASIS.

Section 3 - **INDUSTRIAL HEMP - PERMITTED GROWTH BY REGISTERED PERSONS.**

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(1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, A PERSON WHO HOLDS A REGISTRATION ISSUED PURSUANT TO *SECTION 5* MAY:

(a) ENGAGE IN THE PLANTING, GROWING, HARVESTING, POSSESSING, PROCESSING, SELLING, AND BUYING OF INDUSTRIAL HEMP FOR COMMERCIAL PURPOSES; OR

(b) GROW INDUSTRIAL HEMP FOR RESEARCH AND DEVELOPMENT PURPOSES.

Section 4 - **INDUSTRIAL HEMP COMMITTEE - APPOINTMENTS - DUTIES - COORDINATION WITH DEPARTMENT.**

(1) (a) THE INDUSTRIAL HEMP COMMITTEE IS HEREBY ESTABLISHED. THE CHAIR OF AGRICULTURE, LIVESTOCK, AND NATURAL RESOURCES COMMITTEE IN THE HOUSE OF REPRESENTATIVES AND THE CHAIR OF THE AGRICULTURE, NATURAL RESOURCES, AND ENERGY COMMITTEE IN THE SENATE SHALL JOINTLY APPOINT EIGHT MEMBERS TO THE INDUSTRIAL HEMP COMMITTEE AS FOLLOWS:

(I) ONE MEMBER WITH EXPERIENCE IN INDUSTRIAL HEMP REGULATION;

(II) ONE MEMBER WHO IS A FARMER FROM A COOPERATIVE;

(III) ONE MEMBER WHO IS A COMMERCIAL FARMER;

(IV) ONE MEMBER WITH EXPERIENCE IN SEED DEVELOPMENT AND GENETICS;

(V) ONE MEMBER REPRESENTING THE HEMP MANUFACTURING INDUSTRY;

(VI) ONE MEMBER REPRESENTING SMALL HEMP BUSINESSES;

(VII) ONE MEMBER WHO IS A CITIZEN ADVOCATE FOR INDUSTRIAL HEMP; AND

(VIII) ONE MEMBER WHO IS A REPRESENTATIVE FROM A RESEARCH INSTITUTION OF HIGHER EDUCATION.

(b) THE TERM OF OFFICE OF MEMBERS OF THE COMMITTEE IS THREE YEARS; EXCEPT THAT THE MEMBERS APPOINTED PURSUANT TO SUBPARAGRAPHS (I), (V), (VI), AND (VII) OF PARAGRAPH (a) OF THIS SUBSECTION (1) SHALL SERVE INITIAL TWO-YEAR TERMS TO ENSURE STAGGERED TERMS OF OFFICE.

(c) EACH COMMITTEE MEMBER HOLDS ONE OFFICE UNTIL HIS OR HER TERM OF OFFICE EXPIRES OR UNTIL A SUCCESSOR IS DULY APPOINTED. IF A VACANCY OCCURS ON THE BOARD, THE APPOINTING AUTHORITIES SHALL

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APPOINT A NEW MEMBER MEETING THE QUALIFICATIONS OF THE MEMBER VACATING THE POSITION TO SERVE THE REMAINDER OF THE UNEXPIRED TERM OF THE MEMBER.

(d) MEMBERS OF THE COMMITTEE SHALL SERVE WITHOUT COMPENSATION BUT ARE ENTITLED TO REIMBURSEMENT FOR ACTUAL AND NECESSARY TRAVEL AND SUBSISTENCE EXPENSES INCURRED IN THE PERFORMANCE OF THEIR OFFICIAL DUTIES AS MEMBERS OF THE COMMITTEE.

(2) THE COMMITTEE SHALL WORK WITH THE DEPARTMENT TO ESTABLISH AN INDUSTRIAL HEMP REGISTRATION PROGRAM PURSUANT TO *SECTION 5* OF THIS MEASURE, UNDER WHICH A PERSON MAY OBTAIN AUTHORIZATION TO:

(a) ENGAGE IN INDUSTRIAL HEMP CULTIVATION FOR COMMERCIAL PURPOSES; OR

(b) GROW INDUSTRIAL HEMP FOR RESEARCH AND DEVELOPMENT PURPOSES.

(3) THE COMMITTEE SHALL ASSIST THE DEPARTMENT IN DETERMINING THE QUALIFICATIONS AND OTHER CRITERIA A PERSON MUST SATISFY TO QUALIFY FOR REGISTRATION UNDER THIS SECTION.

(4) THE COMMITTEE SHALL MEET AT LEAST ONCE A YEAR.

Section 5 - **REGISTRATION - CULTIVATION OF INDUSTRIAL HEMP - RESEARCH AND DEVELOPMENT GROWTH - RULES.**

(1) A PERSON WISHING TO ENGAGE IN INDUSTRIAL HEMP CULTIVATION FOR COMMERCIAL PURPOSES OR TO GROW INDUSTRIAL HEMP FOR RESEARCH AND DEVELOPMENT PURPOSES SHALL APPLY TO THE DEPARTMENT FOR A REGISTRATION IN A FORM AND MANNER DETERMINED BY THE DIRECTOR, IN CONSULTATION WITH THE COMMITTEE, PRIOR TO PLANTING THE INDUSTRIAL HEMP FOR COMMERCIAL OR RESEARCH AND DEVELOPMENT PURPOSES. THE APPLICATION MUST INCLUDE THE NAME AND ADDRESS OF THE APPLICANT AND THE LEGAL DESCRIPTION, GLOBAL POSITIONING SYSTEM LOCATION, AND MAP OF THE LAND AREA ON WHICH THE APPLICANT PLANS TO ENGAGE IN INDUSTRIAL HEMP CULTIVATION OR RESEARCH AND DEVELOPMENT GROWTH OPERATIONS. THE APPLICANT SHALL ALSO SUBMIT TO THE DEPARTMENT THE FEE REQUIRED BY *SECTION 7* (2). APPLICATION FOR REGISTRATION PURSUANT TO THIS SECTION IS A MATTER OF STATEWIDE CONCERN.

(2) IF A PERSON APPLIES FOR REGISTRATION IN ACCORDANCE WITH SUBSECTION (1) OF THIS SECTION AND THE DIRECTOR DETERMINES THAT THE PERSON HAS SATISFIED THE REQUIREMENTS FOR REGISTRATION PURSUANT TO

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THIS SECTION IN THIS MEASURE, THE DIRECTOR SHALL ISSUE A REGISTRATION TO THE PERSON.

Section 5.5 - **RESEARCH - FEES.**

(1) (a) THE DEPARTMENT SHALL ADMINISTER AN INDUSTRIAL HEMP GRANT RESEARCH PROGRAM SO THAT STATE INSTITUTIONS OF HIGHER EDUCATION MAY CONDUCT RESEARCH TO DEVELOP OR RECREATE STRAINS OF INDUSTRIAL HEMP BEST SUITED FOR THE PURPOSE OF SEED PRODUCTION. THE PURPOSE OF THE RESEARCH IS TO GROW INDUSTRIAL HEMP TO PROVIDE BREEDING STRAINS TO AID ARIZONA'S INDUSTRIAL HEMP PROGRAM AND TO CREATE ARIZONA STRAINS OF INDUSTRIAL HEMP.

(b) AN INSTITUTION OF HIGHER EDUCATION THAT CONDUCTS INDUSTRIAL HEMP SEED RESEARCH MAY ACCEPT SEED VARIETIES THAT ARE APPROVED BY THE COMMITTEE OR THE DEPARTMENT. THE INSTITUTIONS OF HIGHER EDUCATION MAY WORK WITH PRIVATE HEMP DEVELOPERS AND OTHER STAKEHOLDERS TO DEVELOP A ARIZONA HERITAGE SEED.

(2) IN ADDITION TO THE FEES COLLECTED PURSUANT TO *SECTION 7*, THE DIRECTOR MAY COLLECT AN ADDITIONAL FEE, ESTABLISHED BY THE COMMITTEE, FROM EACH REGISTRANT FOR THE PURPOSE OF FUNDING INDUSTRIAL HEMP RESEARCH AND CERTIFICATION PROGRAMS, INCLUDING BY MAKING GRANTS TO INSTITUTIONS OF HIGHER EDUCATION AS SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE FEES COLLECTED SHALL BE DEPOSITED IN THE INDUSTRIAL HEMP REGISTRATION PROGRAM CASH FUND CREATED IN *SECTION 7 (3)*. THE DEPARTMENT MAY SOLICIT, APPLY FOR, AND ACCEPT MONEYS FROM OTHER SOURCES FOR THE GRANT PROGRAM.

Section 6 - **REPORT OF GROWTH AND SALES ACTIVITIES - VERIFICATION OF CROP CONTENT - TESTING - WAIVER OF CONCENTRATION LIMITS - RULES.**

(1) AT LEAST ANNUALLY AND MORE OFTEN AS REQUIRED BY THE DIRECTOR, A PERSON WHO OBTAINS A REGISTRATION UNDER THESE MEASURE TO ENGAGE IN INDUSTRIAL HEMP CULTIVATION FOR COMMERCIAL PURPOSES SHALL FILE WITH THE DEPARTMENT A REPORT THAT INCLUDES THE FOLLOWING INFORMATION:

(a) PRIOR TO PLANTING, A VERIFICATION THAT THE CROP THE

REGISTRANT WILL PLANT IS OF A TYPE AND VARIETY OF HEMP THAT WILL PRODUCE A DELTA-9 TETRAHYDROCANNABINOL CONCENTRATION OF NO MORE THAN THREE-TENTHS OF ONE PERCENT ON A DRY WEIGHT BASIS;

(b) DOCUMENTATION DEMONSTRATING THAT THE REGISTRANT HAS ENTERED INTO A PURCHASE AGREEMENT WITH AN IN-STATE INDUSTRIAL HEMP PROCESSOR; AND

(c) ANY OTHER INFORMATION REQUIRED BY THE DIRECTOR BY RULE.

(d) PRIOR TO PLANTING, A VERIFICATION THAT THERE ARE NO MARIJUANA GROW OPERATIONS WITHIN ONE MILE OF A REGISTERED OUTDOOR INDUSTRIAL HEMP GROW OPERATION AND A QUARTER MILE AWAY FROM A REGISTERED INDOOR INDUSTRIAL HEMP GROW OPERATION.

(2) THE DIRECTOR, IN CONSULTATION WITH THE COMMITTEE, SHALL ADOPT RULES TO ESTABLISH A SYSTEM FOR REQUIRING REGISTRANTS TO SUBMIT CROP SAMPLES TO AN APPROVED TESTING FACILITY, AS DETERMINED BY THE DIRECTOR, FOR TESTING AND VERIFICATION OF COMPLIANCE WITH THE LIMITS ON DELTA-9 TETRAHYDROCANNABINOL CONCENTRATION. THE RULES SHALL ALSO ESTABLISH A PROCESS BY WHICH A REGISTRANT MAY APPLY TO THE DIRECTOR FOR A WAIVER FROM THE DELTA-9 TETRAHYDROCANNABINOL CONCENTRATION LIMITS UNDER CIRCUMSTANCES SPECIFIED IN THE RULES.

Section 7 - **INDUSTRIAL HEMP REGISTRATION PROGRAM CASH FUND - INDUSTRIAL HEMP RESEARCH GRANT CASH FUND - FEES.**

(1) THERE IS HEREBY CREATED IN THE STATE TREASURY THE INDUSTRIAL HEMP REGISTRATION PROGRAM CASH FUND, REFERRED TO IN THIS MEASURE AS THE "FUND". THE FUNDS CONSISTS OF FEES COLLECTED BY THE DIRECTOR PURSUANT TO SUBSECTION (2) OF THIS SECTION AND ANY GENERAL FUND MONEY'S APPROPRIATED TO THE FUND BY THE GENERAL ASSEMBLY. THE MONEYS IN THE FUND ARE SUBJECT TO ANNUAL APPROPRIATIONS BY THE GENERAL ASSEMBLY TO THE DEPARTMENT FOR THE DIRECT AND INDIRECT COSTS ASSOCIATED WITH IMPLEMENTING THIS MEASURE.

(2) THE DIRECTOR SHALL COLLECT A FEE FROM PERSONS APPLYING FOR A REGISTRATION PURSUANT TO THIS MEASURE. THE DIRECTOR SHALL SET THE FEE BASED ON THE SIZE OF THE LAND AREA ON WHICH THE PERSON WILL CONDUCT INDUSTRIAL HEMP OPERATIONS AND SHALL SET THE FEE AT A LEVEL SUFFICIENT TO GENERATE THE AMOUNT OF MONEYS NECESSARY TO COVER THE DEPARTMENT'S DIRECT AND INDIRECT COSTS IN IMPLEMENTING THIS

MEASURE. THE DIRECTOR SHALL TRANSMIT THE FEES COLLECTED PURSUANT TO THIS SECTION TO THE STATE TREASURER FOR DEPOSIT IN THE FUND.

(3) THERE IS HEREBY CREATED IN THE STATE TREASURY THE INDUSTRIAL HEMP RESEARCH GRANT FUND. THE FUND CONSISTS OF FEES COLLECTED BY THE DIRECTOR PURSUANT TO *SECTION 5.5* (2); ANY MONEYS FROM FOUNDATIONS, PRIVATE INDIVIDUALS, OR ANY OTHER FUNDING SOURCES THAT CAN BE USED TO EXPAND THE SCOPE OR TIME FRAME OF ANY HEMP RESEARCH IS AUTHORIZED PURSUANT TO THIS MEASURE; THE MONEYS IN THE FUND ARE SUBJECT TO ANNUAL APPROPRIATIONS BY THE GENERAL ASSEMBLY TO THE DEPARTMENT TO ESTABLISH AND ADMINISTER AN INDUSTRIAL HEMP RESEARCH GRANT PROGRAM AND TO CONDUCT HEMP RESEARCH.

Section 8 - **VIOLATIONS - PENALTIES.**

(1) THE DIRECTOR MAY DENY, REVOKE, OR SUSPEND A REGISTRATION IF THE APPLICANT OR REGISTRANT:

(a) VIOLATES ANY PROVISION OF THIS MEASURE OR RULES ADOPTED PURSUANT TO THIS MEASURE;

(b) ENGAGES IN FRAUD OR DECEPTION IN THE PROCUREMENT OR ATTEMPT TO PROCURE A REGISTRATION UNDER THIS MEASURE OR PROVIDES FALSE INFORMATION ON A REGISTRATION APPLICATION; OR

(c) FAILS TO COMPLY WITH ANY LAWFUL ORDER OF THE DIRECTOR.

(2) THE DIRECTOR MAY IMPOSE A CIVIL PENALTY, NOT TO EXCEED TWO THOUSAND FIVE HUNDRED DOLLARS PER VIOLATION, ON ANY PERSON WHO VIOLATES THIS MEASURE OR ANY RULE ADOPTED UNDER THIS MEASURE.

(3) THE DIRECTOR SHALL NOT IMPOSE A PENALTY AGAINST A PERSON ALLEGED TO HAVE VIOLATED THIS MEASURE OR A RULE ADOPTED UNDER THIS MEASURE UNTIL THE DIRECTOR HAS NOTIFIED THE PERSON OF THE CHARGE AND HAS GIVEN THE PERSON AN OPPORTUNITY FOR A HEARING PURSUANT TO *CHAPTER 6 ARTICLE 6 OF TITLE 41 A.R.S.*

(4) IF THE DIRECTOR IS UNABLE TO COLLECT A CIVIL PENALTY OR IF A PERSON FAILS TO PAY ALL OR A PORTION OF A CIVIL PENALTY IMPOSED PURSUANT TO THIS SECTION, THE DIRECTOR MAY BRING AN ACTION IN A COURT OF COMPETENT JURISDICTION TO RECOVER THE CIVIL PENALTY PLUS ATTORNEY FEES AND COSTS.

(5) THE DIRECTOR SHALL NEITHER REVOKE NOR SUSPEND AN INSTITUTION OF HIGHER EDUCATION'S REGISTRATION OR A RESEARCH-AND-DEVELOPMENT REGISTRANT'S REGISTRATION WHEN A SAMPLE

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OF THE REGISTRANT'S INDUSTRIAL HEMP TESTS HIGHER THAN THE LIMITS ESTABLISHED BY RULE OF THE DIRECTOR IF THE CROP IS DESTROYED OR UTILIZED IN A MANNER APPROVED OF AND VERIFIED BY THE DIRECTOR.

Section 9 - **EXPORTATION OF INDUSTRIAL HEMP.**

(1) NOTHING IN THIS MEASURE LIMITS OR PRECLUDES THE EXPORTATION OF INDUSTRIAL HEMP IN ACCORDANCE WITH THE FEDERAL "CONTROLLED SUBSTANCES ACT", AS AMENDED, 21 U.S.C. SEC. 801 ET SEQ., FEDERAL REGULATIONS ADOPTED UNDER THE ACT, AND CASE LAW INTERPRETING THE ACT.

(2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A PERSON ENGAGED IN PROCESSING, SELLING, OR OTHERWISE DISTRIBUTING INDUSTRIAL HEMP CULTIVATED BY A PERSON REGISTERED UNDER THIS MEASURE, OR SELLING INDUSTRIAL HEMP PRODUCTS PRODUCED THEREFROM, IS NOT SUBJECT TO ANY CIVIL OR CRIMINAL ACTIONS UNDER ARIZONA LAW FOR ENGAGING IN SUCH ACTIVITIES.

Section 10 - **SAFETY CLAUSE.**

THE PEOPLE OF ARIZONA HEREBY FINDS, DETERMINES, AND DECLARES THAT THIS MEASURE IS NECESSARY FOR THE IMMEDIATE PRESERVATION OF THE PUBLIC PEACE, HEALTH, AND SAFETY.