

35 F.4th 682

United States Court of Appeals, Ninth Circuit.

AK FUTURES LLC, Plaintiff-Appellee,

v.

BOYD STREET DISTRO, LLC, a California
limited liability company, Defendant-Appellant.

No. 21-56133

|
Argued and Submitted March
18, 2022 Las Vegas, Nevada|
Filed May 19, 2022**Synopsis**

Background: Manufacturer of “Cake” brand e-cigarette liquid products brought action against smoke products store owner, asserting trademark infringement under the Lanham Act based on store owner's alleged sales of counterfeit “Cake” products. The United States District Court for the Central District of California, *James V. Selna, J.*, 2021 WL 4860513, granted manufacturer's motion for preliminary injunctive relief. Store owner appealed.

Holdings: The Court of Appeals, *D.M. Fisher*, Circuit Judge, held that:

[1] manufacturer showed that it was likely to succeed on merits of its claim;

[2] Agricultural Improvement Act's definition of “hemp” unambiguously precluded a distinction based on manufacturing method;

[3] store owner waived appellate consideration of argument that its lack of intent to sell “Cake” products precluded finding of irreparable harm;

[4] store owner failed to overcome presumption of irreparable harm; and

[5] public interest factor favored issuance of a preliminary injunction.

Affirmed and remanded.

Procedural Posture(s): On Appeal; Motion for Preliminary Injunction.

West Headnotes (19)

[1] **Federal Courts** 🔑 Preliminary injunction; temporary restraining order

Court of Appeals reviews district court's decision to grant a preliminary injunction for an abuse of discretion.

[2] **Federal Courts** 🔑 Questions of Law in General

Federal Courts 🔑 "Clearly erroneous" standard of review in general

Court of Appeals reviews district court's legal conclusions de novo and its factual findings for clear error.

[3] **Federal Courts** 🔑 Abuse of discretion in general

A district court abuses its discretion if its conclusions are without support in inferences that may be drawn from the facts in the record.

[4] **Injunction** 🔑 Grounds in general; multiple factors

To obtain a preliminary injunction, a party must show: (1) it will likely succeed on the merits, (2) it will likely suffer irreparable harm in the absence of preliminary relief, (3) the balance of the equities tips in its favor, and (4) the public interest favors an injunction.

4 Cases that cite this headnote

[5] **Copyrights and Intellectual Property** 🔑 Relation between copyrights and other forms of intellectual property

Trademarks 🔑 Registration

Copyright and trademark registration are not interchangeable; the two involve different

government offices, and they grant different protections and rights. Lanham Trade-Mark Act §§ 1, 7, 15 U.S.C.A. §§ 1051(a)(1), 1057(b); 17 U.S.C.A. §§ 106, 701(a).

[6] **Copyrights and Intellectual**

Property 🔑 Registration and deposit

Registration is a vital prerequisite for a copyright infringement action. 17 U.S.C.A. § 106.

1 Case that cites this headnote

[7] **Trademarks** 🔑 Necessity of registration

A party with only unregistered marks may bring a trademark infringement action under the Lanham Act. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

1 Case that cites this headnote

[8] **Trademarks** 🔑 Infringement

Under the Lanham Act, a trademark infringement action for unregistered marks requires a plaintiff to show, among other elements not contested on this appeal, ownership of a valid, protectable trademark. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

2 Cases that cite this headnote

[9] **Trademarks** 🔑 Scope and Priority of Use; Multiple Users, Markets, or Territories

Trademarks 🔑 Propriety or impropriety of use; motive and intent

To own an unregistered mark, for purposes of a trademark infringement claim under the Lanham Act, the plaintiff must be the first to use the mark in commerce, and such use must be lawful.

Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

5 Cases that cite this headnote

[10] **Trademarks** 🔑 Propriety or impropriety of use; motive and intent

Rule that only lawful use in commerce can give rise to trademark priority, for purposes of an infringement claim under the Lanham Act, prevents the absurd result of the government extending the benefits of trademark protection to a seller based upon actions the seller took in violation of that government's own laws, and it favors sellers who take the time to comply with government regulation before bringing products to market. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

2 Cases that cite this headnote

[11] **Statutes** 🔑 Language

When engaging in statutory interpretation, the court starts with the text.

[12] **Statutes** 🔑 Words of number or amount

Use of the word “all” in a statute indicates a sweeping statutory reach.

[13] **Controlled Substances** 🔑 Substances regulated or permitted; definitions and schedules

Trademarks 🔑 Particular goods, services, or other subject matter

Trademarks 🔑 Counterfeiting

Manufacturer showed that delta-8 tetrahydrocannabinol (THC) in its e-cigarette liquid products fit within definition of legal “hemp” under the Agricultural Improvement Act, and accordingly, its products were not illegal under federal law and eligible for trademark protection, such that it was likely to succeed on merits of its trademark infringement claim against smoke products store owner for selling counterfeit version of its “Cake” branded products, as required for preliminary injunctive relief, where the delta-8 TCH in manufacturer's e-cigarette liquid was properly understood as a “derivative, extract, or cannabinoid originating

from the cannabis plant and containing not more than 0.3% delta-9 THC.”  7 U.S.C.A. § 1639o(1); Lanham Trade-Mark Act § 43,  15 U.S.C.A. § 1125(a).

[3 Cases that cite this headnote](#)

[14] Administrative Law and

Procedure  Erroneous or unreasonable construction; conflict with statute

Clear statutory text overrides a contrary agency interpretation.

[15] Controlled Substances  Substances regulated or permitted; definitions and schedules

Trademarks  Particular goods, services, or other subject matter

Agricultural Improvement Act's definition of “hemp,” in provision removing “hemp” from definition of marijuana in the Controlled Substances Act, unambiguously precluded a distinction based on manufacturing method, and thus, agency interpretation was not necessary for determination of whether synthetically-derived delta-8 tetrahydrocannabinol (THC) in manufacturer's “Cake” brand e-cigarette liquid products was legal under that definition of “hemp,” as required for protection from trademark infringement under the Lanham Act; Act broadly defined “hemp” and did not limit its application according to manner by which “derivatives, extracts, and cannabinoids” were produced, but rather, expressly applied to “all” such downstream products so long as they did not cross 0.3% delta-9 THC threshold.  7 U.S.C.A. § 1639o(1); Lanham Trade-Mark Act § 43,  15 U.S.C.A. § 1125(a).

[3 Cases that cite this headnote](#)

[16] Federal Courts  Matters of Substance

Smoke products store owner waived appellate consideration of its argument that, because its chief executive officer (CEO) stated that store

stopped selling “Cake” brand e-cigarette liquid products and had no plans to sell them in the future, manufacturer who owned the “Cake” mark could not suffer irreparable harm needed for preliminary injunction against store owner, and thus, store owner could not overcome presumption of irreparable harm with such argument; store owner only argued, in the district court, the lack of intent to make future sales as an aspect of “success on the merits” requirement for a preliminary injunction, and consequently, the district court never had opportunity to consider whether intent to stop selling “Cake” products could defeat presumption and showing of irreparable harm. Lanham Trade-Mark Act §§ 34, 43, 15 U.S.C.A. §§ 1116(a),  1125(a).

[6 Cases that cite this headnote](#)

[17] Trademarks  Presumptions and burden of proof

In pointing to its chief executive officer's (CEO) declaration to no longer sell “Cake” brand e-cigarette liquid products, smoke products store owner failed to overcome presumption of “Cake” products manufacturer's irreparable harm, as requirement for preliminary injunction in relief of its trademark infringement claim alleging that store owner sold counterfeit “Cake” products, where CEO's declaration suggested a business structure without safeguards against selling counterfeit products, as declaration contained admissions that called into question store owner's ability to adequately control flow of products through the store, due to most of the business being done in cash and failure to keep documentation associated with at least some portion of sales. Lanham Trade-Mark Act §§ 34, 43, 15 U.S.C.A. §§ 1116(a),  1125(a).

[1 Case that cites this headnote](#)

[18] Trademarks  Counterfeiting

Public interest factor favored issuance of a preliminary injunction as relief for e-cigarette liquid manufacturer's trademark infringement claim against smoke products store owner, alleging that store owner sold counterfeits of

manufacturer's "Cake" brand products, where keeping heavy metals and pesticides out of consumer smoking products unquestionably served the public health, manufacturer screened for heavy metals, pesticides, and other contaminants in its products, and manufacturer's reputation for quality and safety was being used by untested counterfeit products of other companies. Lanham Trade-Mark Act § 43,  15 U.S.C.A. § 1125(a).

[19] **Trademarks**  Alphabetical listing

Cake

*685 Appeal from the United States District Court for the Central District of California, [James V. Selna](#), District Judge, Presiding, D.C. No. 8:21-cv-01027-JVS-ADS

Attorneys and Law Firms

[Darrel C. Menthe](#) (argued), Sage Law Partners PC, Culver City, California, for Defendant-Appellant.

[James R. Sigel](#) (argued) and [Joyce Liou](#), Morrison & Foerster LLP, San Francisco, California; [Benjamin J. Fox](#) and [Ani Oganessian](#), Morrison & Foerster LLP, Los Angeles, California; [Thomas Frost](#), The Frost Firm, San Diego, California; for Plaintiff-Appellee.

Before: [Andrew J. Kleinfeld](#), D. Michael Fisher, * and [Mark J. Bennett](#), Circuit Judges.

OPINION

D.M. FISHER, Circuit Judge:

AK Futures LLC, a manufacturer of popular e-cigarette and vaping products, brought suit for trademark and copyright infringement against Boyd Street Distro, LLC, a downtown Los Angeles storefront and smoke products wholesaler. According to AK Futures, Boyd Street has been selling counterfeit versions of its "Cake"-branded e-cigarette and vaping products containing delta-8 tetrahydrocannabinol ("delta-8 THC"), a chemical compound derived from hemp. Boyd Street contends that AK Futures does not have

protectible trademarks for its Cake products because delta-8 THC remains illegal under federal law. Faced with AK Futures' request for a *686 preliminary injunction, the District Court held that the 2018 Agriculture Improvement Act (the "Farm Act") legalized the company's delta-8 THC products, and it granted injunctive relief. Plain statutory text compels the conclusion that AK Futures' products are lawful, and we see no other reason to deny a preliminary injunction. We affirm.

I. Background

A. Factual History

AK Futures is a producer and distributor of e-cigarette and vaping products, including electronic delivery systems and cartridges containing e-cigarette liquid. This suit involves the company's Cake-branded delta-8 THC products. Delta-8 THC is a chemical compound that occurs naturally in the cannabis plant, *Cannabis sativa L.*, which can be grown into either hemp or marijuana (alternatively spelled marihuana) depending on cultivation method. *5 Things to Know about Delta-8 Tetrahydrocannabinol – Delta-8 THC*, U.S. Food & Drug Admin. (Sept. 14, 2021). According to the Food and Drug Administration, delta-8 THC has "psychoactive and intoxicating effects" similar to delta-9 tetrahydrocannabinol ("delta-9 THC"), a different chemical compound and the main psychoactive component of marijuana. *Id.* The FDA notes that delta-8 THC "is not found in significant amounts in the cannabis plant. As a result, concentrated amounts of delta-8 THC are typically manufactured from hemp-derived cannabidiol." *Id.*

In 2018, Congress passed and the President signed the Farm Act, Pub. L. No. 115-334, 132 Stat. 4490, which legalized the possession and cultivation of hemp. See  21 U.S.C. §§ 802(16)(B),  812 sched. I(c)(17). Because hemp and marijuana are different varieties of the same plant, the Farm Act uses the concentration of delta-9 THC to set a threshold distinguishing the two. As defined by the Act, hemp includes "any part of" the plant *Cannabis sativa L.* "and all derivatives, extracts, [and] cannabinoids ... , whether growing or not," with a delta-9 THC concentration of no more than 0.3 percent on a dry weight basis.  7 U.S.C. § 1639o(1). The Act is silent with regard to delta-8 THC.

AK Futures manufactures flavored e-cigarette liquid containing delta-8 THC, which it describes as "a hemp-

derived product with less than 0.3% of the psychoactive delta-9-[THC] compound.” According to the company, its products come with a QR code permitting verification of “the percent of THC in the e-liquid (less than 0.3%).” The company also states that it “regularly tests its products for potency and regulatory compliance purposes, and screens for heavy metals, pesticides, and other contaminants.” The record reveals little else about the manufacturing process.

In October 2020, AK Futures devised the Cake brand—a logo depicting a two-tier cake overlaid with a stylized letter “C”—to market its delta-8 THC products. The company registered this Cake logo with the U.S. Copyright Office. It also has pending trademark applications for six marks, four of which are various permutations of the word Cake and two are versions of the logo. All trademark applications are for use in connection with e-cigarette liquid, cartridges, and delivery systems. The Cake name and logo appear on the packaging of the devices. AK Futures avers that its Cake products are extremely popular, having generated \$60 million in revenue over a nine-month period.

AK Futures learned of counterfeit versions of its Cake e-cigarette products being sold by Boyd Street, a smoke products wholesaler and storefront in downtown *687 Los Angeles, over the summer of 2021. Boyd Street is not one of AK Futures' authorized retailers. Suspecting infringement, AK Futures hired a private investigator to visit Boyd Street and purchase the purported Cake products. AK Futures' packaging manufacturer compared the Cake products obtained from Boyd Street to the originals, and, despite a strong resemblance between the two, it observed differences in packaging materials, labeling, and color. It concluded the Cake products sold by Boyd Street were inauthentic. As part of this case, AK Futures has submitted images showing its own Cake e-cigarette products and packaging next to virtually identical counterfeits.

Boyd Street claims it had only two interactions with Cake-branded products. The first involved an unidentified “someone” approaching the store and selling Cake products on consignment. Boyd Street does not have “checks or receipts for these sales.” According to its CEO, the store conducts most of its business in cash. The second entailed Boyd Street making a purchase from a person who “told [the CEO] they were an authorized distributor” of Cake products. The CEO states that his usual method of verifying a seller's authenticity is to ask for an invoice. Boyd Street claims its

entire inventory of Cake products has been sold and that it has “no plans” to sell Cake products in the future.

B. Procedural History

AK Futures brought suit in the U.S. District Court for the Central District of California alleging copyright infringement under  17 U.S.C. § 101 *et seq.*, and federal unfair competition and false designation under the Lanham Act,  15 U.S.C. § 1125(a). It also brought two California law claims that are irrelevant to this appeal. The company moved for a preliminary injunction.

Boyd Street initially failed to file a motion in opposition, so the District Court entered a preliminary injunction without hearing from the store. The Court enjoined Boyd Street from selling goods bearing imitations of AK Futures' two Cake logo trademarks or “any copy or colorable imitation of” the company's “CAKE trademarks.” In a separate section of the order, it enjoined Boyd Street from “reproducing, distributing ... , or displaying” copies of the copyrighted Cake design. After allowing Boyd Street leave to file and considering both parties' submissions, the District Court issued an amended order and opinion keeping the injunction in place.

Reciting the facts, the District Court's opinion stated that AK Futures had applied for trademark registration and “had continuously used one or more of the aforementioned [m]arks in commerce” since October 2020. Later, the Court concluded that AK Futures owned a valid copyright because the company “owns six [m]arks for its Cake product, all of which are registered.” In its trademark discussion, the Court determined that AK Futures, by showing a likelihood of success on its copyright claim, had impliedly met the standard for ownership of a valid trademark. It concluded that AK Futures was likely to succeed in showing both copyright and trademark infringement, noting that the Cake products sold by Boyd Street were “almost identical” to the originals. The Court ultimately agreed with AK Futures that—on the available record—its products are lawful under the Farm Act.

Boyd Street timely appealed.

II. Jurisdiction and Standard of Review

[1] [2] [3] The District Court had jurisdiction under U.S.C. § 1121 (federal trademark) and 28 U.S.C. §§ 1331, 1338(a) *688 (federal question and federal intellectual property). We have jurisdiction under 28 U.S.C. § 1292(a) (1) (appeal from injunction). We review the District Court's decision to grant a preliminary injunction for an abuse of discretion; we review underlying legal conclusions *de novo* and factual findings for clear error. [Roman v. Wolf](#), 977 F.3d 935, 941 (9th Cir. 2020) (per curiam). A “district court abuses its discretion if its conclusions are without support in inferences that may be drawn from the facts in the record.” *LA All. for Hum. Rts. v. Cnty. of Los Angeles*, 14 F.4th 947, 957 (9th Cir. 2021) (quotation omitted).

III. Discussion

Appealing the preliminary injunction, Boyd Street does not contest the District Court's finding that it was selling counterfeit versions of AK Futures' Cake products. Instead, its chief argument is that AK Futures could not own a valid trademark in connection with these products because federal law forbids the possession and sale of delta-8 THC. AK Futures responds that the Farm Act legalized delta-8 THC and, by extension, its products incorporating the compound. We agree with AK Futures, and we hold the District Court properly issued a preliminary injunction.

[4] To obtain a preliminary injunction, a party must show: (1) it will likely succeed on the merits, (2) it will likely suffer irreparable harm in the absence of preliminary relief, (3) the balance of the equities tips in its favor, and (4) the public interest favors an injunction. [Disney Enters., Inc. v. VidAngel, Inc.](#), 869 F.3d 848, 856 (9th Cir. 2017). In addition to claiming delta-8 THC remains illegal, Boyd Street attacks the District Court's determinations on irreparable harm and the public interest. It does not challenge the finding that the equities favor AK Futures. We therefore consider in turn each injunction element besides the equities, after first clearing up some confusion about the differences between copyright and trademark.

A. Copyright-Trademark Distinction

At the outset, Boyd Street concedes that AK Futures has shown a likelihood of success on its copyright infringement claim with regard to its one registered copyright. But Boyd Street argues the District Court erroneously

extended copyright protection to AK Futures' six unregistered trademarks. Indeed, the District Court's statement in its copyright discussion that AK Futures “owns six [m]arks for its Cake product, all of which are registered,” was incorrect. AK Futures owns just one registered copyright, which covers a single version of the Cake logo design. It has applied for trademark registration for six marks, but these applications remain pending.

[5] [6] [7] Copyright and trademark registration are not interchangeable. The two involve different government offices. *Compare* 17 U.S.C. § 701(a) (U.S. Copyright Office), *with* 15 U.S.C. § 1051(a)(1) (Patent and Trademark Office).

They grant different protections and rights. *Compare* 17 U.S.C. § 106 (copyright), *with* 15 U.S.C. §§ 1057(b), 1115 (trademark). And, most pertinently here, registration is a vital “prerequisite” for a copyright infringement action, [Unicolors, Inc. v. H&M Hennes & Mauritz, L. P.](#), — U.S. —, 142 S. Ct. 941, 944, 211 L.Ed.2d 586 (2022), but a party with only unregistered marks may still bring a trademark infringement action under 15 U.S.C. § 1125(a). [Matal v. Tam](#), — U.S. —, 137 S. Ct. 1744, 1752, 198 L.Ed.2d 366 (2017). Thus, conflating AK Futures' registration of one valid copyright with its mere application to register six trademarks would ordinarily be error.

However, the District Court's order entering the injunction properly distinguished *689 between trademark and copyright protection. Contrary to Boyd Street's claim that the District Court granted copyright protection to AK Futures' unregistered marks, the order limited the scope of copyright protection to the one registered copyright. The order instead granted trademark protection to the unregistered marks, which followed from the District Court's separate discussion of AK Futures' likelihood of success on its trademark claim. We therefore must evaluate whether the District Court properly issued a preliminary injunction protecting AK Futures' trademarks.

B. Likelihood of Success on the Merits: Trademark

[8] [9] AK Futures is likely to succeed on its trademark claim because its delta-8 THC products are not prohibited by federal law, and they may therefore support a valid trademark. AK Futures sought a preliminary injunction to prevent the infringement of its six unregistered trademarks under 15 U.S.C. § 1125(a). This provision forbids, “in connection with any goods ... or any container for goods,” the “use[] in

commerce [of] any word, term, name, symbol, or device” that is likely to cause confusion as to the origin of the relevant goods. [15 U.S.C. § 1125\(a\)](#). An infringement action for unregistered marks requires a plaintiff to show, among other elements not contested on this appeal, ownership of “a valid, protectable trademark.” [Applied Info. Scis. Corp. v. eBay, Inc.](#), 511 F.3d 966, 969 (9th Cir. 2007). To own an unregistered mark, the plaintiff must be the first to use the mark in commerce, and such use must be lawful. [S. Cal. Darts Ass'n v. Zaffina](#), 762 F.3d 921, 926, 930–32 (9th Cir. 2014).

Turning briefly to priority of use in commerce, nobody disputes that AK Futures was the first to use the Cake brand. Perplexingly, the District Court, in its discussion of this element, repeated its mistake conflating AK Futures' unregistered trademarks with its registered copyright. This was error, but such error is immaterial to our decision on appeal. AK Futures' uncontradicted declaration shows it developed and first used the Cake brand in commerce in October 2020, a statement the District Court appears to have credited in its recitation of the facts. Boyd Street has not claimed to be the prior user of the Cake brand at any point in this litigation, nor has it asserted that any third party owns the mark. As a result, the record uniformly supports affirmance despite the District Court's error because there is no dispute between the parties as to AK Futures' prior use. *See* [Sony Comput. Ent., Inc. v. Connectix Corp.](#), 203 F.3d 596, 608 (9th Cir. 2000) (permitting affirmance of preliminary injunction on any ground supported by the record, but declining to do so). Having addressed first use, we arrive at the key disagreement: whether AK Futures' use was lawful.

[10] “[O]nly lawful use in commerce can give rise to trademark priority.” [CreAgri, Inc. v. USANA Health Scis., Inc.](#), 474 F.3d 626, 630 (9th Cir. 2007). This rule prevents the absurd result of the government “extending the benefits of trademark protection to a seller based upon actions the seller took in violation of that government's own laws.” *Id.* And it favors sellers who take the time to comply with government regulation before bringing products to market. *Id.* At the same time, we have explained that illegal activity of insufficient gravity or connection to a mark's use in commerce might not defeat an otherwise valid trademark. *See* [S. Cal. Darts Ass'n](#), 762 F.3d at 931. The parties do not advance

arguments based on these exceptions, so we do not consider them now.

*690 Instead, the parties dispute whether the possession and sale of delta-8 THC is permitted under federal law and, consequently, whether a brand used in connection with delta-8 THC products may receive trademark protection. AK Futures argues that delta-8 THC falls under the definition of hemp, which was legalized by the 2018 Farm Act. Boyd Street argues a contrary interpretation of the Act based on agency documents and congressional intent. To evaluate these divergent claims, we look first to the text of the Farm Act before assessing Boyd Street's contentions.

1. The Farm Act: Plain Text

[11] When engaging in statutory interpretation, “we start where we always do: with the text.” [Van Buren v. United States](#), — U.S. —, 141 S. Ct. 1648, 1654, 210 L.Ed.2d 26 (2021). As we explain further, the plain and unambiguous text of the Farm Act compels the conclusion that the delta-8 THC products before us are lawful.

The relevant portion of the Farm Act removes “hemp” from the definition of marijuana in the Controlled Substances Act, [Pub. L. No. 91-513](#), 84 Stat. 1242 (1970). Specifically, “the term ‘marihuana’ means all parts of the plant *Cannabis sativa* L.... [, but] does not include ... hemp.” [21 U.S.C. § 802\(16\)](#). So, though marijuana remains a schedule-I controlled substance, *see* [§ 812 sched. I\(c\)\(10\)](#), hemp has now been removed from schedule I. Likewise, although schedule I continues to list “tetrahydrocannabinols,” it now exempts “tetrahydrocannabinols in hemp.” [§ 812 sched. I\(c\)\(17\)](#). Both of these sections reference the same statutory definition of hemp. *See* [§§ 802\(16\)\(B\)\(i\)](#), [§ 812 sched. I\(c\)\(17\)](#). We therefore turn to this definition.

The Farm's Act definition of hemp represents the crux of the parties' disagreement, and we quote it in full.

The term “hemp” means the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with

a delta-9 [THC] concentration of not more than 0.3 percent on a dry weight basis.

7 U.S.C. § 1639o(1). Before interpreting this statutory language, we observe that the Drug Enforcement Administration has incorporated this definition into its regulations. The entry for tetrahydrocannabinols on the DEA's regulatory schedule I exempts “any material, compound, mixture, or preparation that falls within the definition of hemp set forth in 7 U.S.C. [§] 1639o.”

21 C.F.R. § 1308.11(d)(31)(ii). And the DEA's entry for “Marihuana Extract” mirrors the terms of the Farm Act's definition. See § 1308.11(d)(58) (defining “Marihuana Extract” to include only cannabinoid extracts with greater than 0.3 percent delta-9 THC).

AK Futures argues the Farm Act's definition of hemp encompasses its delta-8 THC products so long as they contain no more than 0.3 percent delta-9 THC. Plain meaning supports this interpretation. A straightforward reading of § 1639o yields a definition of hemp applicable to all products that are sourced from the cannabis plant, contain no more than 0.3 percent delta-9 THC, and can be called a derivative, extract, cannabinoid, or one of the other enumerated terms.

[12] Importantly, the only statutory metric for distinguishing controlled marijuana from legal hemp is the delta-9 THC concentration level. In addition, the definition extends beyond just the plant to “all derivatives, extracts, [and] cannabinoids.”

7 U.S.C. § 1639o(1). The use of “all” indicates a sweeping statutory reach. See *Lambright v. Ryan*, 698 F.3d 808, 817 (9th Cir. 2012) (“The common meaning of the word ‘all’ is ‘the whole amount, quantity, or extent of; as much as possible’” (quoting *All*, Merriam-Webster (online ed., visited Oct. 4, 2012))). This seemingly extends to downstream products and substances, so long as their delta-9 THC concentration does not exceed the statutory threshold.

Certainly, a substance must be a derivative, extract, cannabinoid, or one of the other enumerated terms to fall within the Farm Act's statutory definition. However, these terms do not impose meaningful constraints. We may consider whether a term carries a technical meaning in a particular context. For instance, in *Van Buren*, a case concerning

the Computer Fraud and Abuse Act, the Supreme Court considered the technical meaning of the term “access” in the “computing context.” 141 S. Ct. at 1657. Here, the various terms of § 1639o all have technical meanings in the chemistry context, but these meanings are themselves broad. See, e.g., *Derivative*, Merriam-Webster (online ed., last visited Feb. 15, 2022) (“[A] chemical substance related structurally to another substance and theoretically derivable from it[.]”); *Extract*, Oxford English Dictionary (online ed., March 2022) (“The substance extracted[.]”); *Cannabinoid*, Oxford English Dictionary (online ed., Dec. 2021) (“Any of a group of substances including cannabinol, cannabidiol, and other structurally related compounds of natural and synthetic origin.”). Thus, even in the chemistry context, the terms in the Farm Act's definition of hemp capture a wide variety of potential substances and products.

[13] On the available record, the delta-8 THC in AK Futures' e-cigarette liquid appears to fit comfortably within the statutory definition of “hemp.” According to the company's uncontradicted declaration, its delta-8 THC products are “hemp-derived” and contain “less than 0.3” percent delta-9 THC. The FDA materials cited by Boyd Street also refer to delta-8 THC as “one of over 100 *cannabinoids* produced naturally by the cannabis plant.” *5 Things to Know about Delta-8*, *supra* (emphasis added). This indicates that the delta-8 THC in the e-cigarette liquid is properly understood as a derivative, extract, or cannabinoid originating from the cannabis plant and containing “not more than 0.3 percent” delta-9 THC. See 7 U.S.C. § 1639o(1). AK Futures is thus likely to succeed in showing its products are not illegal under federal law and are eligible for trademark protection.

The conclusion that AK Futures' delta-8 THC products are lawful necessarily depends on the veracity of the company's claim that these products contain no more than 0.3 percent delta-9 THC. A showing that AK Futures' products contain more than the permitted threshold level of delta-9 THC would defeat AK Futures' entitlement to trademark protection. According to the DEA and FDA, “many cannabis-derived products do not contain the levels of cannabinoids that they claim to contain on their labels.” *Implementation of the Agriculture Improvement Act of 2018*, 85 Fed. Reg. 51,639, 51,641 (Aug. 21, 2020). So it is entirely possible that AK Futures may ultimately fail to show that its products stay within acceptable delta-9 THC limitations.

But at the preliminary injunction stage we must assess likely success, and the only probative record evidence is AK Futures' statement that its products contain less than 0.3 percent delta-9 THC. Further evidentiary support is not required at this stage. See *K-2 Ski Co. v. Head Ski Co.*, 467 F.2d 1087, 1088–89 (9th Cir. 1972) (“A verified complaint or supporting affidavits may afford the basis for a preliminary injunction, [unless they] consist largely of *692 general assertions which are substantially controverted by counter-affidavits”). Along with its complaint and motion for an injunction, AK Futures has provided a sworn declaration that remains uncontradicted regarding the factual particulars of its delta-8 THC products. This is sufficient to obtain an injunction.

2. Boyd Street's Counterarguments

Boyd Street advances two principal arguments that the legalization of hemp in the Farm Act does not extend to delta-8 THC, neither of which overcomes the clear statutory text. First, Boyd Street argues the DEA has interpreted the Act not to apply to delta-8 THC because of the compound's method of manufacture or concoction. Second, it argues that Congress never intended for the Act to legalize any psychoactive substances, such as delta-8 THC. Both arguments fail.

a. Agency Interpretation

Boyd Street argues that, according to the DEA, delta-8 THC remains a schedule I substance because of its method of manufacture. Boyd Street relies on the DEA's explanation of its implementing regulations. It points to the phrase, “[a]ll synthetically derived tetrahydrocannabinols remain schedule I controlled substances.” 85 Fed. Reg. at 51,641. According to Boyd Street, delta-8 THC is “synthetically derived” because it must be extracted from the cannabis plant and refined through a manufacturing process. In Boyd Street's view, “[d]elta-8 [THC] is considered a synthetic cannabinoid by the DEA because, among other things, it is concentrated and flavored.”

[14] Although we disagree with Boyd Street on the DEA's stance, we need not consider the agency's interpretation because § 1639o is unambiguous and precludes a distinction based on manufacturing method. Clear statutory text overrides a contrary agency interpretation. See *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*,

467 U.S. 837, 842–43, 104 S.Ct. 2778, 81 L.Ed.2d 694 (1984). The Farm Act's definition of hemp does not limit its application according to the manner by which “derivatives, extracts, [and] cannabinoids” are produced. Rather, it expressly applies to “all” such downstream products so long as they do not cross the 0.3 percent delta-9 THC threshold. 7 U.S.C. § 1639o(1). While this statutory definition is broad, its breadth does not make it ambiguous.

See *Arizona v. Tohono O'odham Nation*, 818 F.3d 549, 557 (9th Cir. 2016) (“[A] word or phrase is not ambiguous just because it has a broad general meaning”). Consequently, determining the scope of the Farm Act's legalization of hemp is not a situation where agency deference is appropriate.

Even if the relevant portions of the Farm Act were ambiguous, the DEA does not appear to agree with Boyd Street as to what makes a cannabis product synthetic and thus unlawful. In the same passage quoted by Boyd Street, the DEA explains the Farm Act does not affect “the control status of synthetically derived tetrahydrocannabinols” because hemp, as defined by the statute, “is limited to materials that are derived from the plant *Cannabis sativa* L.” 85 Fed. Reg. at 51,641. This language suggests the source of the product—not the method of manufacture—is the dispositive factor for ascertaining whether a product is synthetic. A recent agency letter bolsters this understanding. There, the DEA clarifies that “synthetic” delta-8 THC is produced “from non-cannabis materials” and thus remains banned. Letter from Terrence L. Boos, Drug & Chem. Evaluation Section Chief, Drug Enf't Admin., U.S. Dep't of Justice, to Donna C. Yeatman, Exec. Sec'y, Ala. Bd. of Pharmacy *693 (Sept. 15, 2021). In short, the DEA appears to understand the Farm Act's definition of hemp in the same manner as this Court.

Boyd Street further points to a copy of the controlled substances schedule from the DEA's website that lists delta-8 THC among tetrahydrocannabinols controlled under schedule I. To the extent that this copy of the schedule suggests that hemp-derived delta-8 THC remains controlled regardless of its delta-9 THC concentration level, this is inconsistent with both statutory text and the DEA's own duly enacted regulations. See 7 U.S.C. § 1639o(1); 21 C.F.R. § 1308.11(d)(31)(ii), (d)(58). As a result, we would afford no deference to such an interpretation. See *Kisor v. Wilkie*, — U.S. —, 139 S. Ct. 2400, 2415, 204 L.Ed.2d 841 (2019) (observing that no deference is afforded where an agency's interpretation is inconsistent with its own

regulation);  *Christopher v. SmithKline Beecham Corp.*, 567 U.S. 142, 159–60, 132 S.Ct. 2156, 183 L.Ed.2d 153 (2012) (finding agency interpretation unpersuasive where inconsistent with statute). This copy of the schedule does not help Boyd Street.

[15] In sum, the Farm Act's definition of hemp is not ambiguous, so we do not consider agency interpretation. Even if we did, the DEA's view of the Farm Act's plain text aligns with our own and does not support Boyd Street's proposed distinction based on manufacturing method.

b. Congressional Intent

Boyd Street next argues Congress intended the Farm Act to legalize only industrial hemp, not a potentially psychoactive substance like delta-8 THC. As evidence, it quotes from statements in the legislative history referring to industrial hemp. *See, e.g.*, 164 Cong. Rec. H10,145 (daily ed. Dec. 12, 2018) (statement of Rep. Comer) (“I am particularly glad to see industrial hemp de-scheduled from the controlled substances list”). Boyd Street is effectively asking us to recognize the following limitation: that substances legalized by the Farm Act must be somehow suited for an industrial purpose, not for human consumption.

Unfortunately for Boyd Street, this limitation appears neither in hemp's definition, nor in its exemption from the Controlled Substances Act. *See* Farm Act, §§ 10113–14, 12619, 132 Stat. at 4908–14, 5018. The term “industrial hemp” does appear in a separate section modifying previously enacted authorization for research into the plant. § 7605, 132 Stat. at 4828–29. But the relevant U.S. Code provision contains its own definition of “industrial hemp” that is even broader than the one we have considered so far. *See*  7 U.S.C. § 5940(a)(2). To give effect to Boyd Street's understanding of congressional purpose, we would need to read its proposed limitation into the statute. But courts will allow neither ambiguous legislative history, nor speculation about congressional intent to “muddy” clear statutory language. *See*  *Azar v. Allina Health Servs.*, — U.S. —, 139 S. Ct. 1804, 1814, 204 L.Ed.2d 139 (2019);  *Wis. Cent. Ltd. v. United States*, — U.S. —, 138 S. Ct. 2067, 2073, 201 L.Ed.2d 490 (2018).

Regardless of the wisdom of legalizing delta-8 THC products, this Court will not substitute its own policy judgment

for that of Congress. If Boyd Street is correct, and Congress inadvertently created a loophole legalizing vaping products containing delta-8 THC, then it is for Congress to fix its mistake. Boyd Street's intent-based argument is thus unsuccessful. With that, neither of Boyd Street's counterarguments dissuade us from the conclusion that AK Futures is likely to succeed on the merits *694 of its trademark claim. We are left with Boyd Street's remaining challenges to the injunction's other elements.

c. Irreparable Harm

The District Court correctly found that AK Futures is likely to suffer irreparable harm absent an injunction. By statute, AK Futures is entitled to a rebuttable presumption of irreparable harm on its trademark claim because the company has shown it will likely succeed on the merits. *See* 15 U.S.C. § 1116(a). AK Futures has also argued that its declarations show it will suffer damage to its reputation and a loss of consumer goodwill from the sale of counterfeit Cake products.

[16] Boyd Street's arguments fail to rebut the presumption in AK Futures' favor or to show the injunction should not have issued on the copyright claim. Boyd Street relies on its CEO's declaration, which states the store has stopped selling Cake-branded products and has no plans to do so in the future. Following Boyd Street's logic, AK Futures cannot suffer harm if the sale of counterfeit Cake products has ceased. Alas for Boyd Street, it waived this argument. Before the District Court, it argued the lack of intent to make future sales as an aspect of success on the merits, not irreparable harm. Consequently, the District Court never had an opportunity to consider whether the intent to stop selling Cake products could defeat a presumption and showing of irreparable harm.

We will not do so for the first time on appeal. *See*  *Lemmon v. Snap, Inc.*, 995 F.3d 1085, 1095 (9th Cir. 2021) (“[W]e refrain from deciding an issue that the district court has not had the opportunity to evaluate.” (quotation omitted)).

[17] Even if the argument were not waived, we strongly doubt Boyd Street's stated intent to stop selling Cake products would defeat AK Futures' presumption and showing of irreparable harm. Boyd Street's declaration contains a number of admissions that call into question its ability to adequately control the flow of products through its store. Most of its business is in cash, it does not keep documentation associated with at least some portion of its sales, and its CEO relies on the mere fact that a seller issues an invoice to assess authenticity.

This all suggests a business structure without safeguards against selling counterfeit products. Thus, in pointing to its CEO's declaration to no longer sell Cake products, Boyd Street fails to overcome the District Court's finding and presumption of irreparable harm in AK Futures' favor.

d. Public Interest

Boyd Street presents several arguments why the injunction is not in the public interest, but none succeed in convincing us the District Court committed error. Boyd Street begins with a challenge to the trademark claim. It argues that various public interests typically present in trademark cases—for instance, protecting consumers from the confusion caused by counterfeit goods—do not apply where the underlying product is unlawful. This argument necessarily rises or falls with our view of the lawfulness of delta-8 THC. Because we have determined AK Futures will likely succeed in showing its delta-8 THC products are lawful, this first argument gets Boyd Street nowhere.

Next, Boyd Street attacks the District Court's reasoning that an injunction will serve the public health by allowing consumers to avoid potentially unsafe counterfeit products. According to Boyd Street, there is no evidence that the original products are safe because they are not tested or otherwise regulated by the FDA. However, Boyd Street fails to grapple with the quality-control measures that AK Futures ***695** reportedly imposes on its own. AK Futures' undisputed declaration reveals that it “screens for heavy metals, pesticides, and other contaminants” in its products, though it cannot test counterfeits. Keeping heavy metals and pesticides out of consumer smoking products unquestionably serves the public health.

More broadly, Boyd Street suggests that delta-8 THC is potentially unsafe for consumers, so an injunction protecting marks used in connection with these products may never be in the public interest. But Boyd Street misunderstands the nature of trademark law. Agreeing with Boyd Street at this stage would not keep delta-8 THC products off of the market, rather it would let a store continue to sell counterfeit versions of unknown origin.

[18] AK Futures has staked its name and reputation on the safety and quality of its Cake-branded products. *See* [Manhattan Med. Co. v. Wood](#), 108 U.S. 218, 222, 2 S.Ct. 436, 27 L.Ed. 706 (1883) (“[A] trade-mark is ... a sign of the quality of the article”); *FTC v. Procter & Gamble Co.*, 386 U.S. 568, 603, 87 S.Ct. 1224, 18 L.Ed.2d 303 (1967) (Harlan, J., concurring) (“[A] brand name may also be an assurance of quality....”). The protections of trademark law mean that AK Futures does not need to do the same for the untested products of other companies. *See* 1 J. Thomas McCarthy on Trademarks and Unfair Competition § 3:11 (5th ed. 2017) (“When there is trademark infringement, the reputation for quality enjoyed by the senior user is now in the hands of a stranger: the infringer.”). And these protections allow consumers to distinguish between brands that take consumer health seriously—as AK Futures declares it does—and those that do not. *See* 1 McCarthy, *supra*, § 2:24; 4 *id.* § 25:10. The public health interest favors an injunction.

Finally, Boyd Street alludes to an argument that an injunction will not help trace the origins of the counterfeit Cake products. But as already explained, the public interest benefits from curtailing the sale of counterfeit products, which this injunction does.

IV. Conclusion

The record on appeal convinces us that AK Futures' delta-8 THC products are lawful under the plain text of the Farm Act and may receive trademark protection. As we have noted, this conclusion is necessarily tentative given the nature of preliminary relief. Yet Boyd Street fails to persuade us the District Court should not have issued an injunction. Therefore, we **AFFIRM** the grant of a preliminary injunction in AK Futures' favor, and we remand for further proceedings.

All Citations

35 F.4th 682, 22 Cal. Daily Op. Serv. 5132, 2022 Daily Journal D.A.R. 5045

Footnotes

- * The Honorable D. Michael Fisher, United States Circuit Judge for the U.S. Court of Appeals for the Third Circuit, sitting by designation.

End of Document

© 2023 Thomson Reuters. No claim to original U.S. Government Works.

2023 WL 5804185

Only the Westlaw citation is currently available.
 United States District Court, E.D. Arkansas,
 Central Division.

BIO GEN, LLC, et al., Plaintiffs

v.

Sarah Huckabee SANDERS, et al., Defendants

4:23-CV-00718-BRW

I

Signed September 7, 2023

West Codenotes**Validity Called into Doubt**

 Ark. Code Ann. §§ 2–15–503(5),  5–64–215(a),  5–64–215(d),  5–64–215(i)-(j),  20–56–401,  20–56–402,  20–56–403,  20–56–404,  20–56–405,  20–56–406,  20–56–407,  20–56–408,  20–56–409,  20–56–410,  20–56–411,  20–56–412,  20–56–413

Attorneys and Law Firms

Abtin Mehdizadegan, Allison Tschiemer Scott, Joseph Charles Stepina, Hall Booth Smith, P.C., Little Rock, AR, Justin Swanson, Pro Hac Vice, Paul D. Vink, Pro Hac Vice, Bose McKinney & Evans LLP, Indianapolis, IN, for Plaintiffs.

Jordan Broyles, Christine Ann Cryer, Arkansas Attorney General's Office, Little Rock, AR, for Defendants Sarah Huckabee Sanders, John Timothy Griffin, Todd Murray, Sonia Fonticiella, Devon Holder, Matt Durrett, Jeff Phillips, Will Jones, Teresa Howell, Ben Hale, Connie Mitchell, Dan Turner, Jana Bradford, Frank Spain, Tim Blair, Kyle Hunter, Daniel Shue, Jeff Rogers, David Ethredge, Tom Tatum, II, Drew Smith, Rebecca Reed McCoy, Michelle C. Lawrence, Debra Buschman, Tony Rogers, Nathan Smith, Carol Crews, Kevin Holmes, Chris Walton, Chuck Graham, Jim Hudson, Greg Sled, Wes Ward, Matthew Marsh.

ORDER

BILLY ROY WILSON, UNITED STATES DISTRICT
 JUDGE

*1 Pending are Plaintiffs' Motion for Preliminary Injunction (Doc. No. 2) and Defendants' Motion to Dismiss (Doc. No. 38). The issues have been fully briefed. After hearing arguments and reviewing the evidence presented during the hearing on August 23, 2023, I am fully advised in the premises. For the reasons set out below, the Plaintiffs' motion is GRANTED and Defendants' motion is DENIED.

I. BACKGROUND**A. 2014 Farm Bill**

On February 7, 2014, President Obama signed into law the Agricultural Act of 2014 ("2014 Farm Bill")¹, which permitted states to grow "industrial hemp" under certain conditions. "Industrial hemp" was defined in the 2014 Farm Bill as the plant *Cannabis sativa* L., or any part of such plant, "with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis."² The 2014 Farm Bill did not remove industrial hemp from federal controlled substances schedules.

In the Arkansas General Assembly passed Act 981 which allowed the state to develop a hemp research program.

B. 2018 Farm Bill

On December 20, 2018, President Trump signed into law the Agriculture Improvement Act of 2018³ ("2018 Farm Bill"), which removed hemp from the federal schedule of controlled substances and amended the Agricultural Marketing Act of 1946 "to allow States to regulate hemp production based on a state or tribal plan."⁴ The 2018 Farm Bill also expanded the 2014 Farm Bill's definition of hemp to include "the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and *all derivatives*, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol [THC] concentration of not more than 0.3 percent on a dry weight basis."⁵

The 2018 Farm Bill explicitly states that "No Preemption" is intended of any law of a state or Indian tribe that "regulates the production of hemp" and "is more stringent" than federal law.⁶ However, the 2018 Farm Bill prohibited states from restricting the transportation of hemp in interstate commerce:

(a) RULE OF CONSTRUCTION. – Nothing in this title or an amendment made by this title prohibits the interstate commerce of hemp (as defined in section 297A of the

Agricultural Marketing Act of 1946 (as added by section 10113) or hemp products.

(b) TRANSPORTATION OF HEMP AND HEMP PRODUCTS. – No state or Indian Tribe shall prohibit the transportation or shipment of hemp or hemp products produced in accordance with subtitle G of the Agricultural Marketing Act of 1946 (as added by section 10113) through the State or the territory of the Indian Tribe, as applicable.⁷

The Conference Report for the 2018 Farm Bill states that, “[w]hile states and Indian tribes may limit the production and sale of hemp and hemp products within their borders, ... such states and Indian tribes [are not permitted] to limit the transportation or shipment of hemp or hemp products through the state or Indian territory.”⁸ Additionally, the Conference Report explains that “state and Tribal governments are authorized to put more restrictive parameters on the production of hemp, but are not authorized to alter the definition of hemp or put in place policies that are less restrictive.”⁹

*2 In 2019, Arkansas passed Act 504 which distinguished hemp from marijuana by removing hemp as defined in the 2018 Farm Bill from the state's Uniform Controlled Substances Act. Then, in 2021, the Arkansas legislature removed the requirement that a research plan be provided in order to obtain a hemp license.¹⁰

C. Act 629

During the 2023 legislative session, the 94th General Assembly passed Senate Bill 358 amending the law “concerning certain Delta THC substances; to prohibit the growth, processing, sale, transfer, or possession of industrial hemp that contains certain Delta THC substances; to include Delta-8, Delta-9, and Delta-10 THC in the list of Schedule VI controlled substances; to declare an emergency; and for other purposes.”¹¹ On April 11, 2023, the bill was signed into law by Governor Sanders as Act 629.

Act 629 excluded hemp derived-cannabinoid products from the definition of marijuana, but criminalized all hemp products “produced as a result of a synthetic chemical process” and “[a]ny other psychoactive substance derived therein.”¹²

Act 629 attempts to address interstate transportation issues with the following provisions:

This section does not prohibit the continuous transportation through Arkansas of the plant *Cannabis sativa* L., and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths percent (0.3%) on a dry weight basis, produced in accordance with 7 U.S.C. § 201639o et seq.¹³

This subchapter does not prohibit in any form the continuous transportation through Arkansas of the plant *Cannabis sativa* L., and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a total delta-9 tetrahydrocannabinol concentration of not more than three-tenths percent (0.3%) on a dry weight basis, from one licensed hemp producer in another state to a licensed hemp handler in another state.¹⁴

On July 31, 2023, Plaintiffs filed their Complaint for Declaratory and Injunctive Relief¹⁵ and on that same day, Plaintiffs filed a Motion for TRO and Preliminary Injunction.¹⁶ Plaintiffs contend that Act 629 is preempted by the 2018 Farm Bill, violates the Commerce Clause, is a regulatory taking in violation of the Fifth Amendment, and is unconstitutionally vague.

On August 8, 2023, Defendants filed their Response to Plaintiffs’ motion and included a motion to dismiss certain named Defendants based on sovereign immunity.¹⁷ On August 15, 2023, Plaintiffs filed an Amended Complaint.¹⁸ The Amended Complaint removed the State of Arkansas as a Defendant and identified Jim Hudson, in his official capacity as director of the Arkansas Department of Finance and Administration; Greg Sled, in his official capacity as director of the Arkansas Tobacco Control Board; Wes Ward, in his official capacity as secretary of the Arkansas Department of Agriculture; and Matthew Marsh, in his official capacity as director of the Arkansas State Plant Board, as party Defendants, which they contend mooted Defendants’ motion to dismiss. Defendants disagree and argue that Governor Sanders and Attorney General Griffin are entitled to sovereign immunity and should be dismissed.¹⁹

II. APPLICABLE LAW

A. Sovereign Immunity and Standing

*3 Article III of the U.S. Constitution limits the jurisdiction of the federal courts to “Cases” and “Controversies.”²⁰ “[S]tanding is an essential and unchanging part of the case-or-controversy requirement.”²¹ To establish standing, a plaintiff must show that he has suffered an injury in fact that is fairly traceable to the challenged conduct of the defendant and will likely be redressed by a favorable decision.²² Plaintiffs must establish standing for declaratory and injunctive relief.²³

“The Eleventh Amendment confirms the sovereign status of the States by shielding them from suits by individuals absent their consent.” The Eleventh Amendment also bars suits brought against state officials if “the state is the real, substantial party in interest.”²⁴ In  *Ex Parte Young*, the Supreme Court established a significant exception to this immunity.²⁵ The Court held that a suit to enjoin a state official's enforcement of state legislation on the ground that the official's action would violate the Constitution is not a suit against the State, and is thus not barred by the Eleventh Amendment, so long as the official has “some connection with the enforcement of the act.”²⁶ The Court reasoned that unconstitutional state legislation is “void,” and that a state official's enforcement of that legislation therefore “is a proceeding without the authority of, and one which does not affect, the state in its sovereign or governmental capacity.”²⁷ Enforcement of unconstitutional legislation “is simply an illegal act upon the part of [the] state official,” and the State may not immunize officials from suit for such violations of the Constitution.²⁸

If state officials have “some connection with the enforcement” of a state law for purposes of the  *Ex Parte Young* doctrine, then the case or controversy requirement of Article III is satisfied.²⁹

B. Private Right of Action Under the 2018 Farm Bill

Other jurisdictions that have addressed the preemption of state laws attempting to regulate “industrial hemp” under the 2018 Farm Bill, considered whether the 2018 Farm Bill created a private right of action for a Section 1983 claim.³⁰ Neither party initially raised the issue, so I directed the parties to brief it. Defendants seized on this opportunity and argue that I should dismiss Plaintiffs’ claims because the 2018 Farm Act does not support a cause of action under Section 1983.

Plaintiffs contend that a private right of action is not required under the facts of this case, but encourage me to find that one does exist. Based on the parties’ briefs and the arguments made during the hearing, I am inclined to agree that a private right of action under the 2018 Farm Bill is not required in this case.

*4 There are important differences between this case, and the *Dines* and *Serna* cases.³¹ In those cases, the plaintiffs did not allege that the state laws were different from the 2018 Farm Bill.³² In fact, the state and federal laws were identical.³³ Instead, the claims arose from interpretations of the state and federal laws by state officials, and property that had been confiscated by the state officials. Those circumstances would require a finding that the 2018 Farm Bill provided a private right for the possession of the hemp products at issue in those cases. Here, Plaintiffs allege the Arkansas law itself is unconstitutional because Act 629 differs from the 2018 Farm Bill. Accordingly, this is not an appropriate case to decide the private right of action issue.

C. Preliminary Injunction Standard

Plaintiffs’ claims must be analyzed under the  *Dataphase* factors to determine if a preliminary injunction is warranted.³⁴ The factors are: (1) “whether there is a substantial probability movant will succeed at trial; (2) whether the moving party will suffer irreparable injury absent the injunction; (3) the harm to other interested parties if the relief is granted; and (4) the effect on the public interest.”³⁵ In balancing these equities no single factor is determinative but an “absence of a finding of irreparable injury is alone sufficient ground for vacating the preliminary injunction.”³⁶

III. DISCUSSION

A. Sovereign Immunity and Standing

Defendants assert that Governor Sanders and Attorney General Griffin are not proper defendants because they have no specific statutory or constitutional duty to enforce the challenged Arkansas laws. Clearly, the proper vehicle for challenging the constitutionality of a state statute, where only prospective, non-monetary relief is sought, is an action against the state officials responsible for the enforcement of the law. Here, the Governor has a responsibility as chief executive for the enforcement of the criminal laws of the state, which are implicated here,³⁷ and the attorney general has a

specific role in Act 629.³⁸ Accordingly, Governor Sanders and Attorney General Griffin are proper defendants in this case. Defendants' motion is denied.

B. Preliminary Injunction

1. Merits

a. Preemption

The federal preemption doctrine stems from the Constitution's Supremacy Clause, which states that laws of the United States made under the Constitution are the "supreme law of the land."³⁹ "[S]tate laws that interfere with, or are contrary to the laws of congress, made in pursuance of the constitution are invalid," or preempted.⁴⁰ "Whether a particular federal statute preempts state law depends upon congressional purpose."⁴¹ In analyzing the issue of preemption, the Supreme Court is highly deferential to state law in areas traditionally regulated by the states.⁴²

The Eighth Circuit has stated that "there are three primary ways that federal law may preempt state law."⁴³ First, federal law may preempt state law where Congress has expressly stated that it intends to prohibit state regulation in a particular area.⁴⁴ Second, federal law may preempt state law where Congress has implicitly preempted state regulation by the "occupation of a field."⁴⁵ A field is occupied when the federal regulatory scheme is "so pervasive as to make reasonable the inference that Congress left no room for the States to supplement it."⁴⁶ Finally, even if Congress has not completely precluded the ability of states to regulate in a field, state regulations are preempted if they conflict with federal law.⁴⁷ Such a conflict exists "when it is impossible to comply with both state and federal law, or where the state law stands as an obstacle to the accomplishment of the full purposes and objectives of Congress."⁴⁸ To determine Congressional intent, courts "may consider the statute itself and any regulations enacted pursuant to the statute's authority."⁴⁹ Plaintiff bears the burden of proving preemption.⁵⁰ Plaintiffs do not make an implied preemption claim, so I will only consider conflict and express preemption.

i. Conflict Preemption

*5 Plaintiffs argue the 2018 Farm Bill unambiguously defined hemp with no limitation that the THC be a percentage of the cannabidiol, which it contends "is not even feasible to grow."⁵¹ Additionally, Plaintiffs' point to the fact that there is no distinction in the federal law between Delta-8 THC and Delta-9 THC, nor synthetic or non-synthetic hemp.⁵² Plaintiffs contend that Act 629 makes hemp production impossible and unconstitutionally "places federally protected hemp back on the controlled substance list."⁵³ Plaintiffs assert that since the "2018 Farm Bill controls the definition of hemp and removes it from the list of controlled substances – and because Act 629 does precisely the opposite – federal law preempts Act 629."⁵⁴ Defendants contend that Act 629's definition is essentially the same as the federal definition and any differences are consistent with federal law.⁵⁵

Section 2 of Act 629 provides:

"Industrial hemp" means the plant *Cannabis sativa* and any part of the plant, including the seeds of the plant and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a total delta-9 tetra-hydrocannabinol concentration of no more than three-tenths of one percent (0.3%) of the hemp-derived *cannabidiol* on a dry weight basis, *unless specifically controlled under the Uniform Controlled Substances Act, § 5-64-101 et seq.*⁵⁶

The federal definition provides:

The term "hemp" means the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids,

isomers, acids, salts, and salts of isomers, whether grow-ing or not, with a delta-9 tetrahydro-cannabinol concentration of not more than 0.3 percent on a dry weight basis.⁵⁷

While the two definitions seem similar at first glance, they are not. Importantly, Act 629's definition limits hemp to products with a Delta-9 THC concentration that is a percentage concentration of a different cannabinoid, cannabidiol, which is absent from the 2018 Farm Bill's definition. Plaintiffs' expert, Dr. Mark Krause, persuasively explained the difference at the injunction hearing. Defendants' response from its expert, Mr. Mark Hargis, did nothing to contradict Plaintiffs' position.

Additionally, Act 629's definition references the Arkansas Uniform Controlled Substances Act, which, after the additions from Section 6 of Act 629, in relevant part provides:

(5) Synthetic substances, derivatives, or their isomers in the chemical structural classes described below in subdivisions (a)(5)(A)-(J) of this section and also specific unclassified substances in subdivision (a)(5)(K) of this section. Compounds of the structures described in this subdivision (a)(5), regardless of numerical designation of atomic positions, are included in this subdivision (a)(5). The synthetic substances, derivatives, or their isomers included in this subdivision (a)(5) are:

(A) (i) Tetrahydrocannabinols, including without limitation the following:

(a) Delta-1 cis or trans tetrahydrocannabinol, otherwise known as a delta-9 cis or trans tetrahydrocannabinol, and its optical isomers;

(b) Delta-6 cis or trans tetrahydrocannabinol, otherwise known as a delta-8 cis or trans tetrahydrocannabinol, and its optical isomers;

(c) Delta-3,4 cis or trans tetrahydrocannabinol, otherwise known as a delta-6a,10a cis or trans tetrahydrocannabinol, and its optical isomers;

*6 (d) Delta-10 cis or trans tetrahydrocannabinol, and its optical isomers;

(e) Delta-8 tetrahydrocannabinol acetate ester;

(f) Delta-9 tetrahydrocannabinol acetate ester;

(g) Delta-6a,10a tetrahydrocannabinol acetate ester;

(h) Delta-10 tetrahydrocannabinol acetate ester;

(i) A product derived from industrial hemp that was produced as a result of a synthetic chemical process that converted the industrial hemp or a substance contained in the industrial hemp into delta-8, delta-9, delta-6a,10a, or delta-10 tetrahydrocannabinol including their respective acetate esters; and

(j) Any other psychoactive substance derived therein.⁵⁸

The THC substances listed above are likely legal under the 2018 Farm Bill. The relevant portion of the 2018 Farm Bill removes “hemp” from the definition of marijuana in the Controlled Substances Act.⁵⁹ Under the 2018 Farm Bill's standard, the only way to distinguish controlled marijuana from legal hemp is the delta-9 THC concentration level. Additionally, the definition extends beyond just the plant to “all derivatives, extracts, [and] cannabinoids.”⁶⁰ The definition covers downstream products and substances, if their delta-9 THC concentration does not exceed the statutory threshold.

Plaintiffs' expert, Dr. Krause, testified that in the chemistry context, the terms in the 2018 Farm Bill's definition of hemp capture a wide variety of potential substances and products. Dr. Krause testified, for instance, that Delta-8 THC is one of many cannabinoids produced naturally by the cannabis plant with no way to determine whether a product is derived from hemp or not. This indicates that the products are properly understood as a derivative, extract, or cannabinoid originating from the cannabis plant and containing “not more than 0.3 percent” delta-9 THC. Defendants assert that “[b]ecause Delta-9-THCO and Delta-8-THCO do not occur naturally in the cannabis plant and can only be obtained synthetically, and therefore do not fall under the definition of hemp.” However, Defendants' expert Dr. Hargis provided no testimony on this issue, or rebuttal to Plaintiffs' position.

Relying on the DEA's explanation of its implementing regulations.⁶¹ Defendants contend that the products at issue here are Schedule I substances because they are “synthetic.” However, the 2018 Farm Bill's definition of hemp does not limit its application to method “derivatives, extracts, [and] cannabinoids” are produced. Instead, the definition covers

all downstream products if they do not cross the 0.3 percent delta-9 THC threshold. Additionally, Dr. Krause testified that there is no way to determine whether these substance are derived from a hemp plant, or through a completely synthetic process because the substances are molecularly the same. Again, Defendants' expert failed to rebut this assertion.

Congress realized potential benefits with hemp as it defined it, and allowed states to participate in its research and development. Once, at least some benefits were recognized, Congress took steps to legalize hemp nationally. Arkansas apparently saw some benefits as well, and got onboard with the federal program. Now, after realizing some potential negative implications with its participation, the Arkansas legislature has attempted take a step back. Clearly, under the 2018 Farm Bill, Arkansas can regulate hemp production and even ban it outright if it is so inclined. The legislature seems to have tried to keep the parts of the program it likes (purely industrial uses) and eliminate the parts it doesn't (human consumption).⁶² That may very well be an acceptable distinction as it applies to the state's criminal code, but changing definitions in a federal program, which it has already fully joined, is not a constitutionally valid way to do it. Accordingly, Plaintiffs have shown they are likely to succeed on their conflict preemption claim.

ii. Express Preemption

*7 The 2018 Farm Bill explicitly provides that “No State or Indian Tribe shall prohibit the transportation or shipment of hemp or hemp products produced in accordance with subtitle G of the Agricultural Marketing Act of 1946 (as added by section 10113) through the State or the territory of the Indian Tribe, as applicable.”⁶³

Act 629 contains Section 7 that takes effect if any part of Sections 1-5 are enjoined, which attempts to address the interstate commerce issue. It provides:

This section does not prohibit the *continuous* transportation through Arkansas of the plant *Cannabis sativa* L., and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether

growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent (0.3%) on a dry weight basis, produced in accordance with  7 U.S.C. § 1639o *et seq.*⁶⁴

“Continuous transportation” is not defined or explained in Act 629 or elsewhere, which makes this attempt ineffective. As Plaintiffs point out, “Would an employee from a state like Tennessee that regulates and taxes hemp products like delta-8 THC be subject to criminal liability when stopping for gas or staying overnight before reaching the final destination outside of Arkansas?”⁶⁵ I can't answer that question. Based on testimony at the hearing. Plaintiffs do not know, and I don't think anyone can, based on Act 629 as written.

Defendants rely heavily on the fact that the 2018 Farm Bill permits states to impose stricter regulations on the “production” of hemp within state borders to support its argument that the challenged provisions of Act 629 are not expressly preempted, and, in fact, are supported by the 2018 Farm Bill's anti-preemption language.⁶⁶ However, the anti-preemption language Defendants cite specifically references more stringent in-state regulation only as to the production of hemp, which means that Arkansas may continue to enforce laws regarding the growing of hemp within its borders, but not its interstate transportation.

The 2018 Farm Bill clearly provides that states may not pass laws that interfere with the right to transport hemp in interstate commerce—including hemp derivatives like Plaintiffs' products at issue here—that have been lawfully produced under a state or Tribal plan or under a license issued under the USDA plan. Arkansas law criminalizes hemp derived products without an effective exemption for interstate commerce. For these reasons, Plaintiffs have shown a likelihood of success on the merits of their claim that Act 629 is expressly preempted by the 2018 Farm Bill.

b. Void for Vagueness Claim

The Due Process Clause dooms certain laws that are too vague. A law crosses that threshold when it “either forbids or requires the doing of an act in terms so vague that men of

common intelligence must necessarily guess at its meaning and differ as to its application.”⁶⁷

Act 629 contains terms that would confuse even an exceptionally intelligent reader. Specifically, “continuous transportation”, “synthetic substance”, and “psychoactive substances” are vague, and are not defined in the statute. Additionally, Section 10 of Act 629 provides that a hemp-derived product “shall not be combined with or contain any of the following: ... Any amount of tetrahydrocannabinol as to create a danger of misuse, overdose, accidental overconsumption, inaccurate dosage, or other risk to the public.” What is a “danger of misuse” or “other risk to the public”? How do you quantify an “overdose” or “inaccurate dosage?” These terms are paired with, at best, fuzzy standards—and record no explicit statutory definition—making it next to impossible for the typical person to know what to do. If the person guesses wrong, the consequences are potential criminal punishment.

*8 Circumstances like these, could make Act 629 void for vagueness. Accordingly, Plaintiffs have shown a likelihood of success on their void for vagueness claim.⁶⁸

2. Irreparable Harm

Plaintiffs have shown that, without the relief they seek, they will be subject to irreparable harm in the form of a credible threat of criminal sanctions. With regard to potential lost profits, I am not persuaded that Plaintiffs can be made whole with money damages, as the financial losses they stand to suffer by complying with the likely unconstitutional portions of the statute cannot be easily measured or reliably calculated, given the novelty of the hemp industry in Arkansas and the dearth of historical sales data to use as a baseline for calculating lost revenues stemming from Act 629.

Plaintiffs have shown that, in the absence of preliminary injunctive relief, they are likely to suffer irreparable harm for which they have no adequate remedy at law.

3. Balance of Equities

Absent an injunction, Plaintiffs will suffer the irreparable harms discussed above, namely, a credible threat of criminal prosecution that could affect Plaintiffs’ ability to procure a license to grow or handle legal hemp as well as an untold amount of lost profits. Potential harm to Defendants is negligible.

4. Public Interest

Since Plaintiffs have shown a likelihood of prevailing on the merits of their claim that the challenged provisions of Act 629 are preempted by federal law and void for vagueness, the public interest also supports the issuance of the injunction Plaintiffs seek. The public does not have an interest in the enforcement of a statute that Plaintiffs have shown likely violates the Constitution.

CONCLUSION

For the reasons stated above, Plaintiffs’ Motion for Preliminary Injunction (Doc. No. 2) is GRANTED. Defendants are hereby PRELIMINARILY ENJOINED until further order of this Court from enforcing Act 629. Defendants are directed to inform forthwith all the affected Arkansas state governmental entities of this injunction. Defendants’ Motion to Dismiss (Doc. No. 38) is DENIED. The case shall proceed to a bench trial set for August 27, 2024 at 9:30 a.m.

IT IS SO ORDERED this 7th day of September, 2023.

All Citations

--- F.Supp.3d ----, 2023 WL 5804185

Footnotes

1 Pub. L. No. 113-79.

- 2  7 U.S.C. § 5940(b).
- 3 Pub. L. No. 115-334.
- 4 H.R. Rep. No. 115-at 738 (2018).
- 5  7 U.S.C. § 1639~~o~~(1) (emphasis added).
- 6 2018 Farm Bill § 10113.
- 7 *Id.* § 10114.
- 8 Conf. Rep. at 739.
- 9 *Id.* at 738.
- 10 2021 Arkansas Laws Act 565 (H.B. 1640).
- 11 2023 Arkansas Laws Act 629 (S.B. 358).
- 12  Ark. Code Ann. §§ 5–64–215(i)-(j).
- 13 Act 629 § 7.
- 14 *Id.* at Section 10.
- 15 Doc. No. 1.
- 16 Doc. No. 2.
- 17 Doc. No. 38.
- 18 Doc. No. 51.
- 19 Doc. No. 57.
- 20  *Digital Recognition Network, Inc. v. Hutchinson*, 803 F.3d 952, 956 (8th Cir. 2015) (citation omitted).
- 21  *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560, 112 S.Ct. 2130, 119 L.Ed.2d 351 (1992).
- 22  *Id.* at 560–61, 112 S.Ct. 2130.
- 23  *Friends of the Earth, Inc. v. Laidlaw Env'tl. Servs. (TOC), Inc.*, 528 U.S. 167, 185, 120 S.Ct. 693, 145 L.Ed.2d 610 (2000); see *Mosby v. Ligon*, 418 F.3d 927, 932–33 (8th Cir. 2005).
- 24  *Pennhurst State Sch. & Hosp. v. Halderman*, 465 U.S. 89, 101, 104 S.Ct. 900, 79 L.Ed.2d 67 (1984) (internal quotation marks omitted).
- 25  *Ex parte Young*, 209 U.S. 123, 28 S.Ct. 441, 52 L.Ed. 714 (1908).

- 26  *Id.* at 155–60, 28 S.Ct. 441; see  *Va. Office for Prot. & Advocacy v. Stewart*, 563 U.S. 247, 131 S.Ct. 1632, 179 L.Ed.2d 675 (2011).
- 27  *Ex Parte Young*, 209 U.S. at 159, 28 S.Ct. 441.
- 28  *Id.* at 159–60, 28 S.Ct. 441.
- 29  *Citizens for Equal Prot. v. Bruning*, 455 F.3d 859, 864 (8th Cir. 2006).
- 30 Compare *Dines v. Kelly*, No. 222CV02248KHVGEB, 2022 WL 16762903, at *1 (D. Kan. Nov. 8, 2022) and *Serna v. Denver Police Dep't*, No. 21-CV-00789-WJM-MEH, 2021 WL 6503753, at *5 (D. Colo. June 9, 2021), report and recommendation adopted, No. 21-CV-0789-WJM-MEH, 2021 WL 5768993 (D. Colo. Dec. 6, 2021), *aff'd*, 58 F.4th 1167 (10th Cir. 2023) with *Duke's Invs. LLC v. Char*, No. CV 22-00385 LEK-RT, 2022 WL 17128976, at *4 (D. Haw. Nov. 22, 2022).
- 31 *Dines v. Kelly*, 2022 WL 16762903, at 1; *Serna v. Denver Police Dep't*, 2021 WL 6503753, at 5.
- 32 *Id.*
- 33 *Id.*
- 34  *Dataphase Systems, Inc., v. C L Systems, Inc.*, 640 F.2d 109, 112 (8th Cir. 1981).
- 35  *Id.*
- 36  *Id.* at 114.
- 37 See Ark. Const. art. VI, § 2.
- 38 See  Ark. Code Ann. §§ 20-56-405, 413 “Sections 6-14 of this act shall become effective only upon the certification of the Arkansas Attorney General that the State of Arkansas is currently enjoined from enforcing Sections 2-5 of this act relating to delta-8 tetrahydrocannabinol and delta-10 tetrahydrocannabinol, but no earlier than August 1, 2023.”
- 39 U.S. Const. Art. VI, cl. 2.
- 40  *Wis. Pub. Intervenor v. Mortier*, 501 U.S. 597, 604, 111 S.Ct. 2476, 115 L.Ed.2d 532 (1991).
- 41  *In re Aurora Dairy Corp. Organic Milk Mktg. & Sales Practices Litig.*, 621 F.3d 781, 791 (8th Cir. 2010).
- 42  *N.Y. State Conf. of Blue Cross & Blue Shield Plans v. Travelers Ins. Co.*, 514 U.S. 645, 654-55, 115 S.Ct. 1671, 131 L.Ed.2d 695 (1995).
- 43 *N. Natural Gas Co. v. Iowa Utils. Bd.*, 377 F.3d 817, 821 (8th Cir. 2004).
- 44 *Id.* (citing  *Lorillard Tobacco Co. v. Reilly*, 533 U.S. 525, 541, 121 S.Ct. 2404, 150 L.Ed.2d 532 (2001)).
- 45 *Id.*

- 46 *Id.* (citing [Rice v. Santa Fe Elevator Corp.](#), 331 U.S. 218, 230, 67 S.Ct. 1146, 91 L.Ed. 1447 (1947)).
- 47 *Id.* (citing [Silkwood v. Kerr–McGee Corp.](#), 464 U.S. 238, 248, 104 S.Ct. 615, 78 L.Ed.2d 443 (1984)).
- 48 *Id.*
- 49 [Aurora Dairy](#), 621 F.3d at 792.
- 50 [Pharm. Care Mgmt. Ass’n v. Wehbi](#), 18 F.4th 956, 967 (8th Cir. 2021) (citing [Williams v. Nat’l Football League](#), 582 F.3d 863, 880 (8th Cir. 2009)).
- 51 Doc. No. 3, p. 10.
- 52 *Id.*
- 53 *Id.*
- 54 *Id.*
- 55 Doc. No. 38, p. 25.
- 56 [Ark. Code Ann. § 2-15-503\(5\)](#) (emphasis added).
- 57 [7 U.S.C. 1639o\(1\)](#). I note that the Drug Enforcement Administration has incorporated the 2018 Farm Bill’s definition into its regulations. The entry for tetrahydrocannabinols on the DEA’s regulatory schedule I exempts “any material, compound, mixture, or preparation that falls within the definition of hemp set forth in [7 U.S.C. \[§\] 1639o.](#)”
- 58 [Ark. Code Ann. § 5-64-215\(a\)](#).
- 59 Pub. L. No. 91-513, 84 Stat. 1242 (1970).
- 60 [7 U.S.C. § 1639o\(1\)](#).
- 61 [21 CFR § 1308.11\(d\)\(31\)](#).
- 62 2023 Arkansas Laws Act 629 § 1.
- 63 2018 Farm Bill § 10114.
- 64 [Ark. Code Ann. § 5-64-215\(d\)](#) (emphasis added).
- 65 Doc. No. 53, p. 9.
- 66 Doc. No. 38, p. 25.
- 67 [Connally v. Gen. Const. Co.](#), 269 U.S. 385, 391, 46 S.Ct. 126, 70 L.Ed. 322 (1926).
- 68 Plaintiffs’ preemption and void for vagueness claims are the most likely to succeed, therefore I will not discuss the remaining commerce clause and takings claims.

End of Document

© 2023 Thomson Reuters. No claim to original U.S. Government Works.

2022 WL 16762903

Only the Westlaw citation is currently available.

United States District Court, D. Kansas.

Murray DINES, d/b/a Terpene Distribution, Plaintiff,

v.

Laura KELLY, in her official capacity as
Governor of the State of Kansas and, [Derek
Schmidt](#), in his official capacity as Attorney
General of the State of Kansas, Defendants.

CIVIL ACTION No. 2:22-cv-02248-KHV-GEB

I

Signed November 8, 2022

Attorneys and Law Firms

[Tai Bo James Vokins](#), Sloan Eisenbarth Glassman McEntire
& Jarboe, LLC, Lawrence, KS, for Plaintiff.

[Arthur S. Chalmers](#), Office of Attorney General, Topeka, KS,
for Defendants.

MEMORANDUM AND ORDER**KATHRYN H. VRATIL**, United States District Judge

*1 Murray Dines has filed suit against the Governor and the Attorney General of the State of Kansas in their official capacities. Pursuant to [42 U.S.C. § 1983](#), plaintiff alleges that defendants are violating federal laws which regulate hemp production and seeks injunctive and declaratory relief. [First Amended Complaint For Injunctive And Declaratory Relief](#) (Doc. #7) filed July 7, 2022 at 2. Specifically, plaintiff asks the Court to declare that federal law preempts portions of the Kansas Commercial Industrial Hemp Act (“Kansas Hemp Act”), [K.S.A. § 2-3901 et seq.](#), and the Kansas Controlled Substance Act, [K.S.A. § 65-4101 et seq.](#), which purport to criminalize the sale and possession of certain hemp products. *Id.* This matter is before the Court on defendants' [Motion To Dismiss Or Stay](#) (Doc. #11) filed July 8, 2022 and defendants' [Motion To Dismiss Governor Kelly](#) (Doc. #10) filed July 8, 2022. For reasons stated below, the Court sustains defendants' motion to dismiss and overrules defendants' motion to dismiss Governor Kelly.

Legal Standards

In ruling on a motion to dismiss under [Rule 12\(b\)\(6\)](#), Fed. R. Civ. P., the Court assumes as true all well-pleaded factual allegations and determines whether they plausibly give rise to an entitlement to relief. [Ashcroft v. Iqbal](#), 556 U.S. 662, 679 (2009). To survive a motion to dismiss, a complaint must contain sufficient factual matter to state a claim which is plausible—not merely conceivable—on its face. *Id.* at 679–80; [Bell Atl. Corp. v. Twombly](#), 550 U.S. 544, 555 (2007). To determine whether a complaint states a plausible claim for relief, the Court draws on its judicial experience and common sense. [Iqbal](#), 556 U.S. at 679.

The Court need not accept as true those allegations which state only legal conclusions. See *id.* at 678. Plaintiff makes a facially plausible claim when he pleads factual content from which the Court can reasonably infer that defendants are liable for the misconduct alleged. *Id.* However, plaintiff must show more than a sheer possibility that defendants have acted unlawfully—it is not enough to plead facts that are “merely consistent with” liability. *Id.* (quoting [Twombly](#), 550 U.S. at 557). A pleading which offers labels and conclusions, a formulaic recitation of the elements of a cause of action, or naked assertions devoid of further factual enhancement will not stand. *Id.* Similarly, where the well-pleaded facts do not permit the Court to infer more than the mere possibility of misconduct, the complaint has alleged—but has not “shown”—that the pleader is entitled to relief. *Id.* at 679. The degree of specificity necessary to establish plausibility and fair notice depends on context; what constitutes fair notice under Fed. R. Civ. P. 8(a)(2) depends on the type of case. [Robbins v. Oklahoma](#), 519 F.3d 1242, 1248 (10th Cir. 2008).

Factual Background

Except where otherwise noted, plaintiff's amended complaint alleges as follows:

The 2014 And 2018 Farm Acts

The cannabis plant is an easily cultivated plant commonly referred to as hemp or marijuana, depending on the

cultivation method. The cannabis plant produces at least 113 cannabinoids, one of which is tetrahydrocannabinol (“THC”). THC comes in multiple isomeric forms, including delta-9 and delta-8. Hemp and marijuana are distinct plants, and hemp differs from conventional marijuana because it has a lower concentration of delta-9 THC, the principal psychoactive constituent of cannabis.

*2 Until recently, federal law prohibited the growth and cultivation of hemp. In 2014, however, President Barack Obama signed into law the Agricultural Act of 2014 (“2014 Farm Act”), which allowed states and research institutions to cultivate industrial hemp for research purposes without approval from the Drug Enforcement Administration. [Pub. L. No. 113-79](#), § 7606. The 2014 Farm Act defined “industrial hemp” as the plant “*Cannabis sativa* L. and any part of such plant, whether growing or not, with a delta-9 [THC] concentration of not more than 0.3 [per cent] on a dry weight basis.” [7 U.S.C. § 5940\(a\)\(2\)](#).

In 2018, President Donald Trump signed a new farm bill—the Agriculture Improvement Act of 2018 (“2018 Farm Act”)—which repealed and replaced the 2014 Farm Act. Subtitle G of the 2018 Farm Act permits and regulates hemp production by licensed hemp producers. Subtitle G is well summarized in [Serna v. Denver Police Department](#), No. 21-cv-0789-WJM-MEH, 2021 WL 6503753 (D. Colo. June 9, 2021), as follows:

Subtitle G provides a framework by which the United States Department of Agriculture must create and administer a program regarding the production of hemp. It begins with a definition of “hemp” as “the plant *Cannabis sativa* L. and any part of that plant ... with a delta-9 tetrahydrocannabinol [THC] concentration of not more than 0.3 percent on a dry weight basis.” [7 U.S.C. § 1639o\(1\)](#). Any state or Indian tribe that wants “primary regulatory authority over the production of hemp in the State or territory of the Indian tribe,” must provide to the Secretary of Agriculture (“Secretary”) “a plan under which the State or Indian tribe monitors and regulates that production.” [7 U.S.C. § 1639p\(a\)\(1\)](#). The statute describes the requirements of such a plan. [Id. § 1639p\(a\)\(2\)](#). The Secretary has the authority to approve or disapprove any plan in consultation with the Attorney General of the United States. [Id. § 1639p\(b\)](#). Also, the Secretary has the authority to conduct an audit of any state or Indian tribe to determine compliance with an approved

plan. [Id. § 1639p\(c\)](#). If the Secretary determines that a state or Indian tribe is not in compliance, the Secretary may either work with the non-complying state or Indian tribe to develop a corrective action plan (if it is the first instance of non-compliance) or revoke the prior approval of the plan. [Id. § 1639p\(c\)\(2\)](#). Any violation of an approved plan is “subject to enforcement solely in accordance with” subsection (e). [Id. § 1639p\(e\)\(1\)](#).

Depending on the type of violation, the statute bestows the authority on the Secretary to issue corrective action plans (for a non-repeating, negligent violation, [id. § 1639p\(e\)\(2\)](#)) and to report the state's department of agriculture or tribal government to the Attorney General and chief law enforcement officer of the state or Indian tribe (for violations with a culpable mental state greater than negligence, [id. § 1639p\(e\)\(3\)\(A\)](#)).

To the extent a state or tribal plan is not approved, the Secretary establishes a plan for the production of hemp in that state or territory. [Id. § 1639q\(a\)\(1\)](#). As part of this authority, the Secretary determines the procedures for the licensing of hemp producers. [Id. § 1639q\(b\)](#). The statute makes it unlawful to produce hemp “[i]n the case of a State or Indian tribe for which a State or Tribal plan is not approved,” and enforcement authority for violations of the plans is reserved to the Secretary. [Id. § 1639q\(c\)](#).

Finally, appended as a note to [7 U.S.C. § 1639o](#) is Section 10114 concerning interstate commerce. That Section states:

(a) RULE OF CONSTRUCTION.—Nothing in this title or an amendment made by this title prohibits the interstate commerce of hemp (as defined in section 297A of the Agricultural Marketing Act of 1946 (as added by section 10113)) or hemp products.

*3 (b) TRANSPORTATION OF HEMP AND HEMP PRODUCTS.—No State or Indian Tribe shall prohibit the transportation or shipment of hemp or hemp products produced in accordance with subtitle G of the Agricultural Marketing Act of 1946 (as added by section 10113) through the State or the territory of the Indian Tribe, as applicable.

[Pub. L. 115-334, Title X, § 10114](#) (Dec. 20, 2018) (appended as a note to [7 U.S.C. § 1639o](#)).

[Serna](#), 2021 WL 6503753, at *3–4.

Plaintiff alleges that Subtitle G legalizes hemp products—regardless of delta-8 THC concentration—as long as any delta-9 THC concentration does not exceed 0.3 per cent. He bases this argument on the fact that the 2018 Farm Act expanded the definition of industrial hemp to include not just plants and parts of plants, but “all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers” with not more than 0.3 per cent delta-9 THC concentration. [7 U.S.C. § 1639o\(1\)](#).

Plaintiff also relies on Section 12619 of the 2018 Farm Act, which amended the federal Controlled Substances Act (“CSA”), [21 U.S.C. § 801 et seq.](#), in two ways: (1) the CSA definition of marijuana (spelled “marihuana”) now excludes hemp; and (2) the CSA definition of THC now excludes all THC forms found in hemp. [21 U.S.C. § 812\(c\)\(17\)](#). Plaintiff therefore reasons that with the passage of the 2018 Farm Act, federal law no longer restricts the possession and sale of hemp and Kansas cannot declare otherwise.

Kansas Hemp Law and Attorney General Opinion

Kansas regulates hemp and hemp products through the Kansas Hemp Act, [K.S.A. § 2-3901 et seq.](#), and the Kansas CSA, [K.S.A. § 65-4101 et seq.](#) Generally, the Kansas Hemp Act authorizes the Kansas Department of Agriculture to develop a plan to regulate hemp production. Specifically, the Act addresses (1) licensing requirements for producers; (2) recordkeeping requirements for maintaining information about the land where hemp is produced; (3) procedures for testing THC concentration levels for hemp; (4) procedures for disposing of non-compliant hemp plants; (5) compliance provisions; and (6) procedures for handling violations. [K.S.A. § 2-3901 et seq.](#) The Kansas Hemp Act requires that law enforcement officials implement it in the least restrictive manner permissible under federal law. [K.S.A. § 2-3905\(a\)](#).

The Kansas Hemp Act defines hemp as the plant “*Cannabis sativa* L. and any part of such plant, whether growing or not, with a delta-9 [THC] concentration of not more than 0.3 [per cent] on a dry weight basis.” [K.S.A. § 2-3901\(7\)](#). This definition is identical to the definition in the 2014 Farm Act and does not include derivatives, extracts, cannabinoids,

isomers, acids, salts, and salts of isomers of the cannabis plant. The Kansas Hemp Act states that “final hemp products” may not contain a THC concentration of more than 0.3 per cent, but does not distinguish between delta-9 and other isomeric forms of THC. [K.S.A. § 2-3901\(4\)](#).

Kansas has a federally approved regulatory plan that includes the Kansas Hemp Act.¹ This plan includes rules and regulations which the Kansas Department of Agriculture has adopted for hemp production. The plan follows the Kansas Hemp Act and offers more detail regarding regulatory mechanics such as licensing, testing and disposal.

*4 Section 2-3908 of the Kansas Hemp Act states that “nothing in this section shall prohibit ... the production, use or sale of any hemp product that is otherwise not prohibited by state or federal law.”

The Kansas CSA regulates the manufacture, importation, exportation, possession, use and distribution of certain substances in Kansas. Section 65-4105(h)(1) of the Kansas CSA classifies THC_s (including delta-8 and delta-9 THC and their derivatives) as schedule I drugs² but explicitly excludes hemp and hemp products from the definition of THC unless such hemp products are otherwise unlawful pursuant to Section 2-3908 in the Kansas Hemp Act. Because the Kansas Hemp Act excludes products with a THC concentration of more than 0.3 per cent from its definition of “hemp products”—but does not distinguish between delta-9 and other isomeric forms of THC—Kirk D. Thompson, Director of the Kansas Bureau of Investigation (“KBI”) asked Attorney General Schmidt the following questions: (1) are products containing delta-8 THC or its optical isomers legal in Kansas; and (2) if so, is there a statutorily-prescribed limit to the amount of delta-8 THC or its optical isomers such products may contain?

On December 2, 2021, Attorney General Derek Schmidt responded to Director Thompson. In his opinion letter, Attorney General Schmidt stated that the Kansas Hemp Act and the Kansas CSA prohibit the sale and possession of hemp products with THC concentrations greater than 0.3 per cent, not just delta-9 concentrations which exceed that limit.

Plaintiff alleges that Attorney General Schmidt’s opinion is faulty for the following reasons: (1) while the 2018 Farm Act prohibits a state from altering the definition of hemp, Kansas impermissibly maintains the definition from the 2014 Farm

Act;³ (2) its conclusion is inconsistent with the Kansas Hemp Act's direction that law enforcement officials implement it in the least restrictive manner permissible under federal law; and (3) it omits discussion of Section 2-3908(d) of the Kansas Hemp Act, which permits the production, use and sale of hemp products which do not contain delta-9 THC concentrations of more than 0.3 per cent.

Current Litigation

*5 Plaintiff sells hemp and hemp products from his retail store in Lawrence, Kansas. Some of plaintiff's products contain delta-8 THC, but none contain a delta-9 THC concentration of more than 0.3 per cent.

On April 20, 2022, members of the Topeka Police Department narcotics unit and Shawnee County Drug Task Force executed two search warrants at plaintiff's store in Topeka, Kansas. According to the warrant affidavits, an officer had obtained plaintiff's products through an undercover sale and sent them to the KBI lab, which concluded that "tetrahydrocannabinol (THC) was detected." The warrant affidavit did not specify the type, isomer(s) or percentage concentration of THC.

During the raid, Topeka Police Officers damaged plaintiff's property and seized over \$120,000.00 of property, including cash, containers, general supplies, hemp, hemp derivatives and hemp products. Plaintiff only had products derived from hemp and none of them contained a delta-9 THC concentration of more than 0.3 per cent.

On April 28, 2022, the Shawnee County Sheriff issued a news release, citing the Attorney General's opinion, claiming that the products at plaintiff's store were "unlawful schedule I drugs." On June 24, 2022, plaintiff filed this action against defendants.

Analysis

I. Deprivation Of Rights Claims Under 42 U.S.C. § 1983

Plaintiff alleges that defendants have violated the 2018 Farm Act and the Commerce Clause of the United States Constitution, U.S. Const. Art. I, § 8, cl. 3. Specifically, plaintiff argues that under the 2018 Farm Act, (1) defendants incorrectly read the Kansas Hemp Act to criminalize hemp products with more than 0.3 per cent of any type of THC concentration and (2) in the alternative, the Kansas Hemp Act

impermissibly criminalizes such hemp products in violation of the 2018 Farm Act and the Supremacy Clause of the United States Constitution. Plaintiff also alleges that defendants have violated the Commerce Clause by applying Kansas law in a manner that criminalizes hemp products which are legal under the 2018 Farm Act. First Amended Complaint For Injunctive And Declaratory Relief (Doc. #7) filed July 7, 2022 at 13. Plaintiff seeks relief pursuant to  42 U.S.C. § 1983.

In relevant part, defendants argue that the Court should dismiss plaintiff's claims because the 2018 Farm Act does not support a cause of action under  Section 1983.⁴

*6  Section 1983 holds liable every person "who, under color of any statute, ordinance regulation, custom, or usage, of any State or Territory or the District of Columbia, subjects, or causes to be subjected, [another person] to the deprivation of any rights, privileges, or immunities secured by the Constitution and the laws."  Lugar v. Edmondson Oil Co., 457 U.S. 922, 924 (1982). To state a claim under  Section 1983, plaintiff must allege both that (1) defendants deprived him of a right secured by the Constitution or the laws of the United States and (2) defendants acted under color of law. See  Adickes v. S.H. Kress & Co., 398 U.S. 144, 150 (1970).

A. Private Right Under 2018 Farm Act

To establish that defendants deprived him of a right secured by the laws of the United States, plaintiff must first show that the 2018 Farm Act conferred on him a private right under federal law. Plaintiff alleges that the 2018 Farm Act gave him the right to produce, possess, travel with and sell hemp and hemp products. Plaintiff admits that hemp *production* is subject to state regulation with the approval of the Secretary of Agriculture, and that Kansas has a federally approved regulatory plan which includes the Kansas Hemp Act. Plaintiff argues that Kansas, however, cannot regulate his right to possess, travel with and sell hemp and hemp products because the 2018 Farm Act authorizes such conduct and preempts any state regulation to the contrary. Defendants argue that the 2018 Farm Act confers no such right and that plaintiff cannot allege a  Section 1983 cause of action under the 2018 Farm Act.

"Like substantive federal law itself, private rights of action to enforce federal law must be created by Congress."

[Alexander v. Sandoval](#), 532 U.S. 275, 286 (2001). “The judicial task is to interpret the statute Congress has passed to determine whether it displays an intent to create not just a private right but also a private remedy.” *Id.* “[W]here the text and structure of a statute provide no indication that Congress intends to create new individual rights, there is no basis for a private suit, whether under [§ 1983](#) or under an implied right of action.” [CNSP, Inc. v. City of Santa Fe](#), 755 F. App'x 845, 848 (10th Cir. 2019).

In [Blessing v. Freestone](#), 520 U.S. 329, 340 (1997), the Supreme Court held that a plaintiff seeking [Section 1983](#) redress “must assert the violation of a federal right, not merely a federal law.” (emphasis in original). To establish such a right, (1) Congress must have intended that the statute benefit plaintiff; (2) plaintiff must establish that the right assertedly protected “is not so vague and amorphous that its enforcement would strain judicial competence;” and (3) the right-creating statute must be “couched in mandatory, rather than precatory, terms.” *Id.* at 340–41 (internal quotations omitted). If so, the asserted private right is presumptively enforceable under [Section 1983](#). *Id.* at 284. Defendants can rebut this presumption by showing that Congress expressly or impliedly foreclosed private enforcement. [Planned Parenthood of Kan. v. Andersen](#), 882 F.3d 1205, 1225 (10th Cir. 2018) (citing [Gonzaga Univ.](#), 536 U.S. at 284 & n.4).

Under the first [Blessing](#) factor, the statute must create an individual right through its “unmistakable focus on the benefited class.” [Hobbs ex rel. Hobbs v. Zenderman](#), 579 F.3d 1171, 1148 (10th Cir. 2009) (quoting [Gonzaga](#), 536 U.S. at 284). Defendant correctly argues that plaintiff does not identify a particular statute which gives him or any other identifiable class the right to possess and sell hemp products that the 2018 Farm Act has decriminalized. Indeed, in arguing that he has a right to possess and sell certain hemp products, plaintiff relies on the framework of the 2018 Farm Act. Nothing in the framework of Subtitle G, however, indicates any legislative intent to create a private right of action. To the contrary, the 2018 Farm Act focuses on power and methods reserved to the Secretary of Agriculture for enforcement and regulation of state, Indian and Department of Agriculture plans for production of hemp. The Court agrees with the Honorable William J. Martinez, who in [Serna](#) succinctly reasoned as follows:

*7 Such a delegation of authority is evidence that no private right of action was intended. [Freier v. Colorado](#), 804 F. App'x 890, 891–92 (10th Cir. 2020) (“Those courts have reasoned that Congress, by delegating enforcement authority to the Secretary of Health and Human Services, did not intend for HIPAA to include or create a private remedy.”) (citation omitted). Moreover, the Court does not perceive any “rights-creating language” in Subtitle G or Section 10114; that is, the statute does not contain language “which ‘explicitly confer[s] a right directly on a class of persons that include[s] the plaintiff’ ... and language identifying ‘the class for whose *especial* benefit the statute was enacted.’ ” [Boswell v. Skywest Airlines, Inc.](#), 361 F.3d 1263, 1267 (10th Cir. 2004) (internal citations omitted) (emphasis in original). Rather, these sections of the 2018 Farm Bill focus exclusively on the Department of Agriculture and the states and Indian tribes it will regulate. The lack of focus on any individuals is more evidence that there is no congressional intent to create a private right of action. [Alexander v. Sandoval](#), 532 U.S. 275, 289 (2001) (finding that section of a statute that focused not “on the individuals protected[,] ... but on the agencies that will do the regulating” did not create a private right of action). * * *

Even if the Court believed that the text and structure of the 2018 Farm Bill was inadequate to conclusively state that Congress did not intend for a private right of action, see [Landegger v. Cohen](#), 5 F. Supp. 3d 1278, 1289 (D. Colo. 2013)] (“[c]ontext may only buttress a ‘conclusion independently supported by the text of the statute’ ”), the context cited by Plaintiff puts any question of a right of action to rest. Plaintiff cites to the bill's legislative history. Resp. at 9–10. The Conference Report for the legislation notes that the House version of the bill proposed a private right of action to challenge state regulation of interstate commerce. H.R. CONF. REP. 115-1072, at 794. The Senate version did not contain that provision. *Id.* In resolving this difference, “[t]he Conference substitute *does not* adopt the House provision.” *Id.* (emphasis added). As such, Congress specifically contemplated a private right of action and rejected it. The Court cannot “supply by construction what Congress has clearly shown its intention to omit.” [Carey v. Donohue](#), 240 U.S. 430, 437 (1916).

[Serna](#), 2021 WL 6503753, at *4–5; See [Safe Streets All. v. Hickenlooper](#), 859 F.3d 865, 903 (10th Cir. 2017) (citing

 [Alexander v. Sandoval](#), 532 U.S. 275, 289 (2001) (statutes that focus on person regulated create no implication of intent to confer rights on particular class of persons)).

Section 12619 of the 2018 Farm Act, which removed hemp from the federal CSA, also does not create a private right for plaintiff. Although plaintiff argues that this section satisfies the first Blessing factor because it allows him to possess and sell hemp and hemp products, nothing in Section 12619 demonstrates an unmistakable focus on possessors or sellers of hemp. See  21 U.S.C. § 812(c) (hemp, as defined in 2018 Farm Act, removed from CSA). Instead, in accordance with the goals of the 2014 and 2018 Farm Acts, Section 12619 removes hemp from the CSA to facilitate state and federal regulation of hemp production.

In short, no part of the 2018 Farm Act demonstrates an unmistakable focus to benefit plaintiff or other unlicensed possessors and sellers of hemp products. The 2018 Farm Act does not create a private right for plaintiff to possess and sell hemp and hemp products, either under  [Section 1983](#) or as an implied cause of action under the 2018 Farm Act itself. See  [Hobbs](#), 579 F.3d at 1183 (“Because the [proposed rights-creating] provisions [in the Medicaid Act] are not phrased in terms of Medicaid applicants, we cannot infer that Congress created private rights enforceable under  § 1983 when it passed the ... provisions.”). Accordingly, the Court sustains defendants' motion to dismiss plaintiff's first claim. See  [Safe Streets All.](#), 859 F.3d at 903 (where federal statute simply does not create substantive rights, not necessary to address remaining issues about private citizen's ability to enforce statute or obtain relief).

II. Governor Is A Proper Party

*8 Defendants assert that the Governor is not a proper defendant because she has no specific statutory or constitutional duty to enforce the challenged Kansas statutes. In  [Petrella v. Brownback](#), 697 F.3d 1285, 1293–94 (10th

Cir. 2012), however, the Tenth Circuit held that in suits for prospective relief under Kansas law, the Governor is a proper party. Specifically, the Tenth Circuit stated as follows:

It cannot seriously be disputed that the proper vehicle for challenging the constitutionality of a state statute, where only prospective, non-monetary relief is sought, is an action against the state officials responsible for the enforcement of that statute. See  [Ex parte Young](#), 209 U.S. 123, 161 (1908). Nor can it be disputed that the Governor and Attorney General of the state of Kansas have responsibility for the enforcement of the laws of the state. See Kan. Const. Art. I § 3; Kan. Stat. Ann. § 75-702.

 [Petrella](#), 697 F.3d at 1293-94. The Court therefore finds that the Governor is a proper defendant in this case and denies defendants' motion to dismiss Governor Kelly.

IT IS THEREFORE ORDERED defendants' Motion To Dismiss Or Stay (Doc. #11) filed July 8, 2022 is **SUSTAINED**. Plaintiff has no private right of action to enforce the 2018 Farm Act under 41 U.S.C. § 1983, and such claims are hereby dismissed under [Rule 12\(b\)\(6\)](#), Fed. R. Civ. P.

IT IS HEREBY FURTHER ORDERED that defendants' Motion To Dismiss Governor Kelly (Doc. #10) filed July 8, 2022 is **OVERRULED**.

All Citations

Slip Copy, 2022 WL 16762903

Footnotes

1 The Secretary of Agriculture approved Kansas' hemp plan, including the Kansas Hemp Act statutory scheme, in 2020. See [Status of State and Tribal Hemp Production Plans for USDA Approval](#), USDA,

<https://www.ams.usda.gov/rules-regulations/hemp/state-and-tribal-plan-review> (last updated Sep. 27, 2022) (Kansas Hemp Act approved 2020).

- 2 Under Kansas law, a person must register with the Kansas Board of Pharmacy to manufacture, dispense or distribute schedule I drugs. [K.S.A. § 65-4117](#). Only registered persons and their agents, in certain circumstances, may use or possess controlled substances. [K.S.A. § 65-4116](#). Any person who violates the Kansas CSA is guilty of a class A nonperson misdemeanor. [K.S.A. § 65-4127c](#).
- 3 Plaintiff alleges that the 2018 Farm Act prohibits the states from altering the definition of hemp. Plaintiff relies on the Conference Report for the 2018 Farm Act. [Excerpt from Conference Report](#) (Doc. #7-1) filed July 7, 2022 at 737. In this report, the Managers explained that they “intend to authorize states ... to submit a state plan to the Secretary [of Agriculture] for approval to have primary regulatory authority over the growing and production of hemp.” [Id.](#) The Managers, however, “do not intend to limit what states ... include in their ... plan, as long as it is consistent with” Subtitle G of the 2018 Farm Act. [Id.](#) The Managers then offer the example that states may “put more restrictive parameters on the production of hemp, but are not authorized to alter the definition of hemp or put in place policies that are less restrictive than” Subtitle G. [Id.](#)
- 4 In filing their [Motion To Dismiss Or Stay](#) (Doc. #11) filed July 8, 2022, defendants “overlooked” plaintiff’s Commerce Clause claim under [Section 1983](#), and did not seek to dismiss it. Plaintiff’s [Response In Opposition To Defendant’s Motion To Dismiss Or Stay](#) (Doc. #16) filed August 15, 2022 only made passing reference to the Commerce Clause. Specifically, plaintiff argued that even if the Supremacy Clause and the 2018 Farm Act did not create enforceable private rights, his case should not be dismissed because his Commerce Clause claim was actionable under [Section 1983](#) and defendants did not seek to dismiss. [Id.](#) at 13–14 (three-paragraph comment). In their reply brief, defendants first argued that plaintiff had not alleged a plausible Commerce Clause claim. [Reply In Support Of Motion To Dismiss Or Stay](#) (Doc. #17) filed August 24, 2022 at 8.

The Court will not consider arguments first raised in reply briefs. See [Mondaine v. Am. Drug Stores, Inc.](#), 408 F. Supp. 2d 1169, 1202–03 (D. Kan. 2006); [Black & Veatch Corp. v. Aspen Ins. \(UK\) Ltd.](#), No. CV 12-2350-KHV, 2019 WL 4958211, at *1 (D. Kan. Oct. 7, 2019) (“Court will not consider arguments and authorities which defendants first raise in their reply brief.”); [Mike v. Dymon, Inc.](#), No. 95-2405-EEO, 1996 WL 427761, at *2 (D. Kan. July 25, 1996) (in fairness and to ensure proper notice, court generally summarily denies or excludes all arguments and issues first raised in reply briefs).

2021 WL 6503753

Only the Westlaw citation is currently available.
United States District Court, D. Colorado.

Francisco SERNA, Plaintiff,

v.

DENVER POLICE DEPARTMENT,
and Anselmo Jaramillo, Defendants.

Civil Action No. 21-cv-00789-WJM-MEH

|

Signed 06/09/2021

Attorneys and Law Firms

Francisco Serna, Austin, TX, Pro Se.

Conor Daniel Farley, Jennifer Marie Johnson, Denver City and County Attorney's Office, Denver, CO, Melanie Bailey Lewis, Boulder County Attorney's Office, Boulder, CO, for Defendants.

RECOMMENDATION OF UNITED STATES MAGISTRATE JUDGE

Michael E. Hegarty, United States Magistrate Judge

*1 Plaintiff Francisco Serna asserts a claim against Defendants Denver Police Department¹ and Anselmo Jaramillo (together, “Defendants”) pursuant to the Agriculture Improvement Act of 2018, Pub. L. 115-334, December 20, 2018, 132 Stat 4490 (hereafter, “2018 Farm Bill”), related to the seizure of Plaintiff’s hemp plants at the Denver International Airport. Defendants have filed the present motion to dismiss (“Motion”), arguing that the 2018 Farm Bill does not provide a private right of action. Because the Court agrees that Plaintiff fails to state a claim upon which relief can be granted, the Court respectfully recommends **granting** the Motion.

BACKGROUND

The following are factual allegations made by Plaintiff in the operative pleading, which are taken as true for analysis under Fed. R. Civ. P. 12(b)(6) pursuant to *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009).

Plaintiff is a licensed hemp producer in Texas. Compl. § IV. On or about March 16, 2021, at approximately 2:00 p.m., Plaintiff went through security at Denver International Airport. *Id.* §§ III.A–B. He planned on travelling with thirty-two “plant clones or rooted clippings compliantly produced under Subtitle G of 2018 Farm Bill Act.” *Id.* § III.C. He had a certificate of compliance for the plants stating that they contained less than 0.3 percent THC. *Id.* When Plaintiff reached a checkpoint, Officer Jaramillo spoke with another officer and decided to confiscate the plants. *Id.* Officer Jaramillo told Plaintiff that they had a policy of confiscating any plants above zero percent THC. *Id.*

Plaintiff alleges that he is making preparations for “the grow season,” and, if his preparations are not completed in a timely manner, it will prevent a harvest this season. *Id.* § IV. He requests that the confiscated plants “be kept under permanent light and returned to [him] immediately so that [he] can grow these mother plants to produce the starts necessary for this season’s harvest.” *Id.* In seeking this injunctive relief, Plaintiff has brought this lawsuit pursuant to Section 10114 of the 2018 Farm Bill. *Id.* § V.

LEGAL STANDARDS

I. Fed. R. Civ. P. 12(b)(6)

The purpose of a motion to dismiss under Fed. R. Civ. P. 12(b)(6) is to test the sufficiency of the plaintiff’s complaint. *Sutton v. Utah State Sch. for the Deaf & Blind*, 173 F.3d 1226, 1236 (10th Cir. 2008). “To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). Plausibility, in the context of a motion to dismiss, means that the plaintiff pled facts which allow “the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* *Twombly* requires a two-prong analysis. First, a court must identify “the allegations in the complaint that are not entitled to the assumption of truth,” that is, those allegations which are legal conclusions, bare assertions, or merely conclusory. *Id.* at 679. Second, the Court must consider the factual allegations “to determine if they plausibly suggest an entitlement to relief.” *Id.* at 681.

If the allegations state a plausible claim for relief, such claim survives the motion to dismiss. [Id.](#) at 680.

*2 Plausibility refers “to the scope of the allegations in a complaint: if they are so general that they encompass a wide swath of conduct, much of it innocent, then the plaintiffs have not nudged their claims across the line from conceivable to plausible.” [S.E.C. v. Shields](#), 744 F.3d 633, 640 (10th Cir. 2014) (quoting [Khalik v. United Air Lines](#), 671 F.3d 1188, 1191 (10th Cir. 2012)). “The nature and specificity of the allegations required to state a plausible claim will vary based on context.” [Safe Streets All. v. Hickenlooper](#), 859 F.3d 865, 878 (10th Cir. 2017) (quoting [Kan. Penn Gaming, LLC v. Collins](#), 656 F.3d 1210, 1215 (10th Cir. 2011)). Thus, while the Rule 12(b)(6) standard does not require that a plaintiff establish a prima facie case in a complaint, the elements of each alleged cause of action may help to determine whether the plaintiff has set forth a plausible claim. [Khalik](#), 671 F.3d at 1191.

However, “[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice.” [Iqbal](#), 556 U.S. at 678. The complaint must provide “more than labels and conclusions” or merely “a formulaic recitation of the elements of a cause of action,” so that “courts ‘are not bound to accept as true a legal conclusion couched as a factual allegation.’ ” [Twombly](#), 550 U.S. at 555 (quoting [Papasan v. Allain](#), 478 U.S. 265, 286 (1986)). “Determining whether a complaint states a plausible claim for relief will ... be a context-specific task that requires the reviewing court to draw on its judicial experience and common sense.” [Iqbal](#), 556 U.S. at 679. “[W]here the well-pleaded facts do not permit the court to infer more than the mere possibility of misconduct,” the complaint has made an allegation, “but it has not shown that the pleader is entitled to relief.” *Id.* (quotation marks and citation omitted).

II. Treatment of a Pro Se Plaintiff's Complaint

A pro se plaintiff's “pleadings are to be construed liberally and held to a less stringent standard than formal pleadings drafted by lawyers.” [Garrett v. Selby Connor Maddux & Janer](#), 425 F.3d 836, 840 (10th Cir. 2005) (quoting [Hall v. Bellmon](#), 935 F.2d 1106, 1110 (10th Cir. 1991)). “Th[e] court,

however, will not supply additional factual allegations to round out a plaintiff's complaint or construct a legal theory on plaintiff's behalf.” [Smith v. United States](#), 561 F.3d 1090, 1096 (10th Cir. 2009) (quoting [Whitney v. New Mexico](#), 113 F.3d 1170, 1173-74 (10th Cir. 1997)). The Tenth Circuit interpreted this rule to mean, if a court “can reasonably read the pleadings to state a valid claim on which the plaintiff could prevail, [it] should do so despite the plaintiff's failure to cite proper legal authority, his confusion of various legal theories, his poor syntax and sentence construction, or his unfamiliarity with pleading requirements.” [Diversey v. Schmidly](#), 738 F.3d 1196, 1199 (10th Cir. 2013) (quoting [Hall](#), 935 F.2d at 1110). However, this interpretation is qualified in that it is not “the proper function of the district court to assume the role of advocate for the pro se litigant.” [Garrett](#), 425 F.3d at 840 (quoting [Hall](#), 935 F.2d at 1110).

ANALYSIS

As mentioned earlier, Plaintiff's only claim is for injunctive relief under the 2018 Farm Bill.² Defendants contend that there is no private right of action under that legislation. Plaintiff's response is two-fold. First, he argues that Defendants' Motion was served beyond the time permitted under [Fed. R. Civ. P. 5](#). Resp. at 3–4. Hence, the Court should deny the Motion as untimely. Second, the 2018 Farm Bill and its legislative history support the notion that a private right of action is provided. *Id.* at 4–10.

I. Timeliness

*3 Plaintiff argues that “Defendants' motion must fail” because service of the Motion was completed three days past the due date. Resp. at 3–4. Defendants filed their Motion on the docket on April 23, 2021. ECF 20. In a Notice of Errata filed on April 27, 2021, Defendants asserted that, “[d]ue to an administrative error,” the Motion was not emailed to Plaintiff until April 26, 2021. ECF 23. Citing [Fed. R. Civ. P. 5](#) and [D.C.Colo.LCivR 5.1\(d\)](#), Plaintiff contends that service was untimely, and, as such, the Motion should be denied. Resp. 3–4.

Plaintiff's argument fails for three reasons. First, Defendants did not fail to meet the deadline to respond to the Complaint. Defendants timely filed the Motion on the docket on April 23, 2021. When a document “is filed in CM/ECF, it is served

electronically under Fed. R. Civ. P. 5.” D.C.Colo.LCivR 5.1(d). Plaintiff’s desire to receive the Motion by email indicates he was willing to accept service electronically. Second, even though Plaintiff did not receive the Motion by email until three days later, Plaintiff has not demonstrated prejudice from this delay. Plaintiff did not seek an extension of time to respond, even though Defendants’ counsel “told Mr. Serna that an extension of time would not be opposed.” Reply at 2. Third, Plaintiff’s response is itself technically untimely. The Court ordered Plaintiff to file his response on or before May 19, 2021. ECF 22. Plaintiff attempted to file his response on that date; however, he did so by emailing the document to Judge Martinez’s chambers. Reply, Exh. A. Although Judge Martinez advised Plaintiff to contact the Clerk’s Office about properly filing the response, Plaintiff did not actually file it until May 24, 2021 (five days later than the deadline). If the Court held Defendants liable for their administrative error, then the Court would also need to hold Plaintiff accountable for his. The simpler and just course of action is for the Court to accept both parties’ filings and consider the merits of the arguments presented.

II. Private Right of Action

The Court begins with the notion that, “[l]ike substantive federal law itself, private rights of action to enforce federal law must be created by Congress.” *Alexander v. Sandoval*, 532 U.S. 275, 286 (2001). “The judicial task is to interpret the statute Congress has passed to determine whether it displays an intent to create not just a private right but also a private remedy.” *Id.* “[W]here the text and structure of a statute provide no indication that Congress intends to create new individual rights, there is no basis for a private suit, whether under § 1983 or under an implied right of action.” *CNSP, Inc. v. City of Santa Fe*, 755 F. App’x 845, 848 (10th Cir. 2019).

With that understanding, the Court will examine the two provisions of the 2018 Farm Bill cited by Plaintiff in his Complaint: Subtitle G and Section 10114. Subtitle G provides a framework by which the United States Department of Agriculture must create and administer a program regarding the production of hemp. It begins with a definition of “hemp” as “the plant *Cannabis sativa* L. and any part of that plant ... with a delta-9 tetrahydrocannabinol [THC] concentration of not more than 0.3 percent on a dry weight basis.” 7 U.S.C. § 1639o(1). Any state or Indian tribe that wants “primary regulatory authority over the production of hemp in the State or territory of the Indian tribe,” must provide to the Secretary of Agriculture (“Secretary”) “a plan under which the State

or Indian tribe monitors and regulates that production.” 7 U.S.C. § 1639p(a)(1). The statute describes the requirements of such a plan. *Id.* § 1639p(a)(2). The Secretary has the authority to approve or disapprove any plan in consultation with the Attorney General of the United States. *Id.* § 1639p(b). Also, the Secretary has the authority to conduct an audit of any state or Indian tribe to determine compliance with an approved plan. *Id.* § 1639p(c). If the Secretary determines that a state or Indian tribe is not in compliance, the Secretary may either work with the non-complying state or Indian tribe to develop a corrective action plan (if it is the first instance of non-compliance) or revoke the prior approval of the plan. *Id.* § 1639p(c)(2). Any violation of an approved plan is “subject to enforcement solely in accordance with” subsection (e). *Id.* § 1639p(e)(1).

*4 Depending on the type of violation, the statute bestows the authority on the Secretary to issue corrective action plans (for a non-repeating, negligent violation, *id.* § 1639p(e)(2)) and to report the state’s department of agriculture or tribal government to the Attorney General and chief law enforcement officer of the state or Indian tribe (for violations with a culpable mental state greater than negligence, *id.* § 1639p(e)(3)(A)).

To the extent a state or tribal plan is not approved, the Secretary establishes a plan for the production of hemp in that state or territory. *Id.* § 1639q(a)(1). As part of this authority, the Secretary determines the procedures for the licensing of hemp producers. *Id.* § 1639q(b). The statute makes it unlawful to produce hemp “[i]n the case of a State or Indian tribe for which a State or Tribal plan is not approved,” and enforcement authority for violations of the plans is reserved to the Secretary. *Id.* § 1639q(c).

Finally, appended as a note to 7 U.S.C. § 1639o is Section 10114 concerning interstate commerce. That Section states:

(a) RULE OF CONSTRUCTION.—Nothing in this title or an amendment made by this title prohibits the interstate commerce of hemp (as defined in section 297A of the Agricultural Marketing Act of 1946 (as added by section 10113)) or hemp products.

(b) TRANSPORTATION OF HEMP AND HEMP PRODUCTS.—No State or Indian Tribe shall prohibit

the transportation or shipment of hemp or hemp products produced in accordance with subtitle G of the Agricultural Marketing Act of 1946 (as added by section 10113) through the State or the territory of the Indian Tribe, as applicable.

Pub. L. 115-334, Title X, § 10114 (Dec. 20, 2018) (appended as a note to [7 U.S.C. § 1639o](#)).

Nothing in the framework created by Subtitle G indicates any intent by Congress to create a private right of action. To the contrary, the provisions of Subtitle G describe the powers and methods reserved to the Secretary for enforcement and regulation of state, Indian, or Department of Agriculture plans for production of hemp. Such a delegation of authority is evidence that no private right of action was intended. *Freier v. Colorado*, 804 F. App'x 890, 891–92 (10th Cir. 2020) (“Those courts have reasoned that Congress, by delegating enforcement authority to the Secretary of Health and Human Services, did not intend for HIPAA to include or create a private remedy.”) (citation omitted). Moreover, the Court does not perceive any “rights-creating language” in Subtitle G or Section 10114; that is, the statute does not contain language “which ‘explicitly confer[s] a right directly on a class of persons that include[s] the plaintiff’ ... and language identifying ‘the class for whose *especial* benefit the statute was enacted.’ ” [Boswell v. Skywest Airlines, Inc.](#), 361 F.3d 1263, 1267 (10th Cir. 2004) (internal citations omitted) (emphasis in original). Rather, these sections of the 2018 Farm Bill focus exclusively on the Department of Agriculture and the states and Indian tribes it will regulate. The lack of focus on any individuals is more evidence that there is no congressional intent to create a private right of action.

[Alexander v. Sandoval](#), 532 U.S. 275, 289 (2001) (finding that section of a statute that focused not “on the individuals protected[,] ... but on the agencies that will do the regulating” did not create a private right of action).

Plaintiff cites heavily to [Gebser v. Lago Vista](#), 524 U.S. 274 (1998) and [Landegger v. Cohen](#), 5 F. Supp. 3d 1278 (D. Colo. 2013) as support for why there is an implied right of action. He cites these cases essentially for the notion that context, including Congressional purpose, matters for purposes of the implied rights analysis. [Gebser](#), 524 U.S. at 284 (“[W]e have a measure of latitude to shape a sensible remedial scheme that best comports with the statute.”); [Landegger](#), 5 F. Supp. 3d at 1289 (“*Sandoval* permits a

district court [to] look to the ‘contemporary legal context’ in which the statute was enacted.”).

*5 Even if the Court believed that the text and structure of the 2018 Farm Bill was inadequate to conclusively state that Congress did not intend for a private right of action, see [Landegger](#), 5 F. Supp. 3d at 1289 (“[c]ontext may only buttress a ‘conclusion independently supported by the text of the statute’ ”), the context cited by Plaintiff puts any question of a right of action to rest. Plaintiff cites to the bill’s legislative history. Resp. at 9–10. The Conference Report for the legislation notes that the House version of the bill proposed a private right of action to challenge state regulation of interstate commerce. H.R. CONF. REP. 115-1072, at 794.³ The Senate version did not contain that provision. *Id.* In resolving this difference, “[t]he Conference substitute *does not* adopt the House provision.” *Id.* (emphasis added). As such, Congress specifically contemplated a private right of action and rejected it. The Court cannot “supply by construction what Congress has clearly shown its intention to omit.” *Carey v. Donohue*, 240 U.S. 430, 437 (1916).

For these reasons, the Court finds that Congress did not intend for the 2018 Farm Bill to provide a private right of action.⁴ As such, Plaintiff’s Complaint fails to state a claim upon which relief can be granted and must be dismissed. Ordinarily, especially in the case of a pro se plaintiff, the Court would consider whether to grant leave to amend the Complaint.

See [Reynoldson v. Shillinger](#), 907 F.2d 124, 126 (10th Cir. 1990). In this case, however, as Plaintiff’s only claim is under the 2018 Farm Bill, allowing amendment would likely prove futile since, as a matter of law, no cause of action exists under that statute. Because amendment would be futile, dismissal of Plaintiff’s Complaint should be with prejudice. [Fleming v. Coulter](#), 573 F. App'x 765, 769 (10th Cir. 2014) (holding that “dismissal with prejudice is proper for failure to state a claim when ‘it is obvious that the plaintiff cannot prevail on the facts he has alleged and it would be futile to give him the opportunity to amend’ ”) (quoting [Perkins v. Kan. Dep’t of Corr.](#), 165 F.3d 803, 806 (10th Cir. 1999)).

CONCLUSION

Accordingly, Court respectfully recommends that Judge Martinez **grant** Defendants’ Motion [filed April 23, 2021; ECF 20] and dismiss Plaintiff’s Complaint with prejudice.⁵

Respectfully submitted this 9th day of June, 2021, at Denver,
Colorado.

All Citations

Slip Copy, 2021 WL 6503753

Footnotes

- 1 The Court notes that, in a footnote, Defendants assert that the Denver Police Department is not a separable suable entity. Mot. at 1 n.1 (citing *Stump v. Gates*, 777 F. Supp. 8080, 815 (D. Colo. 1991), *aff'd*, [986 F.2d 1429 \(10th Cir. 1993\)](#)).
- 2 In their Motion, Defendants indicate that they conferred with Plaintiff prior to filing, even though it was not required, to ensure that this was Plaintiff's only claim. Mot. at 1–2. Defendants “confirmed that [Plaintiff's] Complaint seeks relief under the 2018 Farm Bill.” *Id.* Plaintiff's response confirms this.
- 3 Available online at <https://www.govinfo.gov/content/pkg/CRPT-115hrpt1072/pdf/CRPT-115hrpt1072.pdf>.
- 4 Based on this Court's research, only one other court has weighed in on this issue. That court agreed with this Court's conclusion. *Garrison v. New Fashion Pork LLP*, 449 F. Supp. 3d 863, 868 (N.D. Iowa 2020) (noting that the “Federal Farm Bill did not create a private right of action”).
- 5 Be advised that all parties shall have fourteen (14) days after service hereof to serve and file any written objections in order to obtain reconsideration by the District Judge to whom this case is assigned. *Fed. R. Civ. P. 72*. The party filing objections must specifically identify those findings or recommendations to which the objections are being made. The District Court need not consider frivolous, conclusive or general objections. A party's failure to file such written objections to proposed findings and recommendations contained in this report may bar the party from a *de novo* determination by the District Judge of the proposed findings and recommendations. [United States v. Raddatz](#), 447 U.S. 667, 676-83 (1980); [28 U.S.C. § 636\(b\)\(1\)](#). Additionally, the failure to file written objections to the proposed findings and recommendations within fourteen (14) days after being served with a copy may bar the aggrieved party from appealing the factual findings and legal conclusions of the Magistrate Judge that are accepted or adopted by the District Court. [Duffield v. Jackson](#), 545 F.3d 1234, 1237 (10th Cir. 2008) (quoting [Moore v. United States](#), 950 F.2d 656, 659 (10th Cir. 1991)).

End of Document

© 2023 Thomson Reuters. No claim to original U.S. Government Works.

PUBLIC LAW 115-334—DEC. 20, 2018

AGRICULTURE IMPROVEMENT ACT OF 2018

Public Law 115–334
115th Congress

An Act

Dec. 20, 2018
[H.R. 2]

Agriculture
Improvement Act
of 2018.

7 USC 9001 note.

To provide for the reform and continuation of agricultural and other programs of the Department of Agriculture through fiscal year 2023, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Agriculture Improvement Act of 2018”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
Sec. 2. Definition of Secretary.

TITLE I—COMMODITIES

Subtitle A—Commodity Policy

- Sec. 1101. Definition of effective reference price.
Sec. 1102. Base acres.
Sec. 1103. Payment yields.
Sec. 1104. Payment acres.
Sec. 1105. Producer election.
Sec. 1106. Price loss coverage.
Sec. 1107. Agriculture risk coverage.
Sec. 1108. Repeal of transition assistance for producers of upland cotton.

Subtitle B—Marketing Loans

- Sec. 1201. Extensions.
Sec. 1202. Loan rates for nonrecourse marketing assistance loans.
Sec. 1203. Economic adjustment assistance for textile mills.
Sec. 1204. Special competitive provisions for extra long staple cotton.
Sec. 1205. Availability of recourse loans.

Subtitle C—Sugar

- Sec. 1301. Sugar policy.

Subtitle D—Dairy Margin Coverage and Other Dairy Related Provisions

- Sec. 1401. Dairy margin coverage.
Sec. 1402. Reauthorizations.
Sec. 1403. Class I skim milk price.
Sec. 1404. Dairy product donation.

Subtitle E—Supplemental Agricultural Disaster Assistance

- Sec. 1501. Supplemental agricultural disaster assistance.

Subtitle F—Noninsured Crop Assistance

- Sec. 1601. Noninsured crop assistance program.

Subtitle G—Administration

- Sec. 1701. Regulations.
Sec. 1702. Suspension of permanent price support authority.

- Sec. 1703. Payment limitations.
- Sec. 1704. Adjusted gross income limitations.
- Sec. 1705. Farm Service Agency accountability.
- Sec. 1706. Implementation.
- Sec. 1707. Exemption from certain reporting requirements for certain producers.

TITLE II—CONSERVATION

Subtitle A—Wetland Conservation

- Sec. 2101. Wetland conversion.
- Sec. 2102. Wetland conservation.
- Sec. 2103. Mitigation banking.

Subtitle B—Conservation Reserve Program

- Sec. 2201. Conservation reserve.
- Sec. 2202. Conservation reserve enhancement program.
- Sec. 2203. Farmable wetland program.
- Sec. 2204. Pilot programs.
- Sec. 2205. Duties of owners and operators.
- Sec. 2206. Duties of the Secretary.
- Sec. 2207. Payments.
- Sec. 2208. Contracts.
- Sec. 2209. Eligible land; State law requirements.

Subtitle C—Environmental Quality Incentives Program and Conservation Stewardship Program

- Sec. 2301. Repeal of conservation programs.
- Sec. 2302. Purposes of environmental quality incentives program.
- Sec. 2303. Definitions under environmental quality incentives program.
- Sec. 2304. Establishment and administration of environmental quality incentives program.
- Sec. 2305. Environmental quality incentives program plan.
- Sec. 2306. Limitation on payments under environmental quality incentives program.
- Sec. 2307. Conservation innovation grants and payments.
- Sec. 2308. Conservation stewardship program.
- Sec. 2309. Grassland conservation initiative.

Subtitle D—Other Conservation Programs

- Sec. 2401. Watershed protection and flood prevention.
- Sec. 2402. Soil and water resources conservation.
- Sec. 2403. Emergency conservation program.
- Sec. 2404. Conservation of private grazing land.
- Sec. 2405. Grassroots source water protection program.
- Sec. 2406. Voluntary public access and habitat incentive program.
- Sec. 2407. Wildlife management.
- Sec. 2408. Feral swine eradication and control pilot program.
- Sec. 2409. Report on small wetlands.
- Sec. 2410. Sense of Congress relating to increased watershed-based collaboration.

Subtitle E—Funding and Administration

- Sec. 2501. Commodity Credit Corporation.
- Sec. 2502. Delivery of technical assistance.
- Sec. 2503. Administrative requirements for conservation programs.
- Sec. 2504. Temporary administration of conservation programs.

Subtitle F—Agricultural Conservation Easement Program

- Sec. 2601. Establishment and purposes.
- Sec. 2602. Definitions.
- Sec. 2603. Agricultural land easements.
- Sec. 2604. Wetland reserve easements.
- Sec. 2605. Administration.

Subtitle G—Regional Conservation Partnership Program

- Sec. 2701. Establishment and purposes.
- Sec. 2702. Definitions.
- Sec. 2703. Regional conservation partnerships.
- Sec. 2704. Assistance to producers.
- Sec. 2705. Funding.
- Sec. 2706. Administration.

Sec. 2707. Critical conservation areas.

Subtitle H—Repeals and Technical Amendments

PART I—REPEALS

Sec. 2811. Repeal of Conservation Corridor Demonstration Program.
 Sec. 2812. Repeal of cranberry acreage reserve program.
 Sec. 2813. Repeal of National Natural Resources Foundation.
 Sec. 2814. Repeal of flood risk reduction.
 Sec. 2815. Repeal of study of land use for expiring contracts and extension of authority.
 Sec. 2816. Repeal of Integrated Farm Management Program Option.
 Sec. 2817. Repeal of clarification of definition of agricultural lands.

PART II—TECHNICAL AMENDMENTS

Sec. 2821. Technical amendments.
 Sec. 2822. State technical committees.

TITLE III—TRADE

Subtitle A—Food for Peace Act

Sec. 3101. Labeling requirements.
 Sec. 3102. Food aid quality assurance.
 Sec. 3103. Local sale and barter of commodities.
 Sec. 3104. Minimum levels of assistance.
 Sec. 3105. Food aid consultative group.
 Sec. 3106. Issuance of regulations.
 Sec. 3107. Oversight, monitoring, and evaluation.
 Sec. 3108. Assistance for stockpiling and rapid transportation, delivery, and distribution of shelf-stable prepackaged foods.
 Sec. 3109. Consideration of impact of provision of agricultural commodities and other assistance on local farmers and economy.
 Sec. 3110. Allowance for distribution costs.
 Sec. 3111. Prepositioning of agricultural commodities.
 Sec. 3112. Annual report regarding food aid programs and activities.
 Sec. 3113. Deadline for agreements to finance sales or to provide other assistance.
 Sec. 3114. Minimum level of nonemergency food assistance.
 Sec. 3115. Termination date for micronutrient fortification programs.
 Sec. 3116. John Ogonowski and Doug Bereuter Farmer-to-Farmer program.

Subtitle B—Agricultural Trade Act of 1978

Sec. 3201. Agricultural trade promotion and facilitation.

Subtitle C—Other Agricultural Trade Laws

Sec. 3301. Growing American Food Exports.
 Sec. 3302. Food for Progress Act of 1985.
 Sec. 3303. Bill Emerson Humanitarian Trust Act.
 Sec. 3304. Promotion of agricultural exports to emerging markets.
 Sec. 3305. Cochran fellowship program.
 Sec. 3306. Borlaug International Agricultural Science and Technology Fellowship program.
 Sec. 3307. International Agricultural Education Fellowship program.
 Sec. 3308. International food security technical assistance.
 Sec. 3309. McGovern-Dole International Food for Education and Child Nutrition program.
 Sec. 3310. Global Crop Diversity Trust.
 Sec. 3311. Local and regional food aid procurement projects.
 Sec. 3312. Foreign trade missions.

TITLE IV—NUTRITION

Subtitle A—Supplemental Nutrition Assistance Program

Sec. 4001. Requirements for online acceptance of benefits.
 Sec. 4002. Re-evaluation of thrifty food plan.
 Sec. 4003. Food distribution program on Indian reservations.
 Sec. 4004. Simplified homeless housing costs.
 Sec. 4005. Employment and training for supplemental nutrition assistance program.
 Sec. 4006. Improvements to electronic benefit transfer system.
 Sec. 4007. Review of supplemental nutrition assistance program operations.
 Sec. 4008. Retail incentives.

- Sec. 4009. Required action on data match information.
- Sec. 4010. Incentivizing technology modernization.
- Sec. 4011. Interstate data matching to prevent multiple issuances.
- Sec. 4012. Requirement of live-production environments for certain pilot projects relating to cost sharing for computerization.
- Sec. 4013. Quality control improvements.
- Sec. 4014. Evaluation of child support enforcement cooperation requirements.
- Sec. 4015. Longitudinal data for research.
- Sec. 4016. Authorization of appropriations.
- Sec. 4017. Assistance for community food projects.
- Sec. 4018. Emergency food assistance program.
- Sec. 4019. Nutrition education.
- Sec. 4020. Retail food store and recipient trafficking.
- Sec. 4021. Public-private partnerships.
- Sec. 4022. Technical corrections.

Subtitle B—Commodity Distribution Programs

- Sec. 4101. Commodity distribution program.
- Sec. 4102. Commodity supplemental food program.
- Sec. 4103. Distribution of surplus commodities to special nutrition projects.
- Sec. 4104. Food donation standards.

Subtitle C—Miscellaneous

- Sec. 4201. Seniors farmers' market nutrition program.
- Sec. 4202. Purchase of fresh fruits and vegetables for distribution to schools and service institutions.
- Sec. 4203. Service of traditional foods in public facilities.
- Sec. 4204. Healthy food financing initiative.
- Sec. 4205. The Gus Schumacher nutrition incentive program.
- Sec. 4206. Micro-grants for food security.
- Sec. 4207. Buy American requirements.
- Sec. 4208. Healthy fluid milk incentives projects.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

- Sec. 5101. Modification of the 3-year experience eligibility requirement for farm ownership loans.
- Sec. 5102. Conservation loan and loan guarantee program.
- Sec. 5103. Limitations on amount of farm ownership loans.
- Sec. 5104. Relending program to resolve ownership and succession on farmland.

Subtitle B—Operating Loans

- Sec. 5201. Limitations on amount of operating loans.
- Sec. 5202. Microloans.
- Sec. 5203. Cooperative lending pilot projects.

Subtitle C—Administrative Provisions

- Sec. 5301. Beginning farmer and rancher individual development accounts pilot program.
- Sec. 5302. Loan authorization levels.
- Sec. 5303. Loan fund set-asides.
- Sec. 5304. Use of additional funds for direct operating microloans under certain conditions.
- Sec. 5305. Equitable relief.
- Sec. 5306. Socially disadvantaged farmers and ranchers; qualified beginning farmers and ranchers.
- Sec. 5307. Emergency loan eligibility.

Subtitle D—Miscellaneous

- Sec. 5401. Technical corrections to the Consolidated Farm and Rural Development Act.
- Sec. 5402. State agricultural mediation programs.
- Sec. 5403. Compensation of bank directors.
- Sec. 5404. Sharing of privileged and confidential information.
- Sec. 5405. Facility headquarters.
- Sec. 5406. Removal and prohibition authority; industry-wide prohibition.
- Sec. 5407. Jurisdiction over institution-affiliated parties.
- Sec. 5408. Definition of institution-affiliated party.
- Sec. 5409. Prohibition on use of funds.

- Sec. 5410. Expansion of acreage exception to loan amount limitation.
- Sec. 5411. Repeal of obsolete provisions; technical corrections.
- Sec. 5412. Corporation as conservator or receiver; certain other powers.
- Sec. 5413. Reporting.
- Sec. 5414. Study on loan risk.
- Sec. 5415. GAO report on ability of the Farm Credit System to meet the agricultural credit needs of Indian tribes and their members.
- Sec. 5416. GAO report on credit service to socially disadvantaged farmers and ranchers.

TITLE VI—RURAL DEVELOPMENT

Subtitle A—Improving Health Outcomes in Rural America

- Sec. 6101. Combating substance use disorder in rural America; prioritizations.
- Sec. 6102. Distance learning and telemedicine.
- Sec. 6103. Refinancing of certain rural hospital debt.

Subtitle B—Connecting Rural Americans to High Speed Broadband

- Sec. 6201. Access to broadband telecommunications services in rural areas.
- Sec. 6202. Expansion of middle mile infrastructure into rural areas.
- Sec. 6203. Modifications to the Rural Gigabit Program.
- Sec. 6204. Community Connect Grant Program.
- Sec. 6205. Outdated broadband systems.
- Sec. 6206. Default and deobligation; deferral.
- Sec. 6207. Public notice, assessments, and reporting requirements.
- Sec. 6208. Environmental reviews.
- Sec. 6209. Use of loan proceeds to refinance loans for deployment of broadband service.
- Sec. 6210. Smart utility authority for broadband.
- Sec. 6211. Refinancing of telephone loans.
- Sec. 6212. Federal broadband program coordination.
- Sec. 6213. Transition rule.
- Sec. 6214. Rural broadband integration working group.

Subtitle C—Miscellaneous

- Sec. 6301. Exclusion of certain populations from definition of rural area.
- Sec. 6302. Establishment of technical assistance program.
- Sec. 6303. Rural energy savings program.
- Sec. 6304. Northern Border Regional Commission reauthorization.
- Sec. 6305. Definition of rural area for purposes of the Housing Act of 1949.
- Sec. 6306. Council on Rural Community Innovation and Economic Development.

Subtitle D—Additional Amendments to the Consolidated Farm and Rural Development Act

- Sec. 6401. Strategic economic and community development.
- Sec. 6402. Expanding access to credit for rural communities.
- Sec. 6403. Water, waste disposal, and wastewater facility grants.
- Sec. 6404. Rural water and wastewater technical assistance and training programs.
- Sec. 6405. Rural water and wastewater circuit rider program.
- Sec. 6406. Tribal college and university essential community facilities.
- Sec. 6407. Emergency and imminent community water assistance grant program.
- Sec. 6408. Water systems for rural and native villages in Alaska.
- Sec. 6409. Rural decentralized water systems.
- Sec. 6410. Solid waste management grants.
- Sec. 6411. Rural business development grants.
- Sec. 6412. Rural cooperative development grants.
- Sec. 6413. Locally or regionally produced agricultural food products.
- Sec. 6414. Appropriate technology transfer for rural areas program.
- Sec. 6415. Rural economic area partnership zones.
- Sec. 6416. Intermediary relending program.
- Sec. 6417. Access to information to verify income for participants in certain rural housing programs.
- Sec. 6418. Providing for additional fees for guaranteed loans under the Consolidated Farm and Rural Development Act.
- Sec. 6419. Rural Business-Cooperative Service programs technical assistance and training.
- Sec. 6420. National Rural Development Partnership.
- Sec. 6421. Grants for NOAA weather radio transmitters.
- Sec. 6422. Rural microentrepreneur assistance program.
- Sec. 6423. Health care services.
- Sec. 6424. Rural innovation stronger economy grant program.

- Sec. 6425. Delta Regional Authority.
- Sec. 6426. Rural business investment program.
- Sec. 6427. Rural business investment program.

Subtitle E—Additional Amendments to the Rural Electrification Act of 1936

- Sec. 6501. Amendments to section 2 of the Rural Electrification Act of 1936.
- Sec. 6502. Loans for telephone service.
- Sec. 6503. Cushion of credit payments program.
- Sec. 6504. Extension of the rural economic development loan and grant program.
- Sec. 6505. Guarantees for bonds and notes issued for electrification or telephone purposes.
- Sec. 6506. Expansion of 911 access.
- Sec. 6507. Cybersecurity and grid security improvements.

Subtitle F—Program Repeals

- Sec. 6601. Elimination of unfunded programs.
- Sec. 6602. Repeal of Rural Telephone Bank.
- Sec. 6603. Amendments to LOCAL TV Act.

Subtitle G—Technical Corrections

- Sec. 6701. Corrections relating to the Consolidated Farm and Rural Development Act.
- Sec. 6702. Corrections relating to the Rural Electrification Act of 1936.

TITLE VII—RESEARCH, EXTENSION, AND RELATED MATTERS

Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

- Sec. 7101. Purposes of agricultural research, extension, and education.
- Sec. 7102. Matters related to certain school designations and declarations.
- Sec. 7103. National Agricultural Research, Extension, Education, and Economics Advisory Board.
- Sec. 7104. Specialty crop committee.
- Sec. 7105. Renewable energy committee discontinued.
- Sec. 7106. Veterinary services grant program.
- Sec. 7107. Grants and fellowships for food and agriculture sciences education.
- Sec. 7108. Agricultural and food policy research centers.
- Sec. 7109. Education grants to Alaska Native serving institutions and Native Hawaiian serving institutions.
- Sec. 7110. Next generation agriculture technology challenge.
- Sec. 7111. Land-grant designation.
- Sec. 7112. Nutrition education program.
- Sec. 7113. Continuing animal health and disease research programs.
- Sec. 7114. Carryover of funds for extension at 1890 land-grant colleges, including Tuskegee University.
- Sec. 7115. Extension and agricultural research at 1890 land-grant colleges, including Tuskegee University.
- Sec. 7116. Reports on disbursement of funds for agricultural research and extension at 1862 and 1890 land-grant colleges, including Tuskegee University.
- Sec. 7117. Scholarships for students at 1890 institutions.
- Sec. 7118. Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University.
- Sec. 7119. Grants to upgrade agriculture and food sciences facilities and equipment at insular area land-grant institutions.
- Sec. 7120. New Beginning for Tribal Students.
- Sec. 7121. Hispanic-serving institutions.
- Sec. 7122. Binational agricultural research and development.
- Sec. 7123. Partnerships to build capacity in international agricultural research, extension, and teaching.
- Sec. 7124. Competitive grants for international agricultural science and education programs.
- Sec. 7125. Limitation on indirect costs for agricultural research, education, and extension programs.
- Sec. 7126. Research equipment grants.
- Sec. 7127. University research.
- Sec. 7128. Extension service.
- Sec. 7129. Supplemental and alternative crops; hemp.
- Sec. 7130. New Era Rural Technology program.
- Sec. 7131. Capacity building grants for NLGCA Institutions.
- Sec. 7132. Agriculture advanced research and development authority pilot.

- Sec. 7133. Aquaculture assistance programs.
- Sec. 7134. Rangeland research programs.
- Sec. 7135. Special authorization for biosecurity planning and response.
- Sec. 7136. Distance education and resident instruction grants program for insular area institutions of higher education.

Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

- Sec. 7201. Best utilization of biological applications.
- Sec. 7202. Integrated management systems.
- Sec. 7203. Sustainable agriculture technology development and transfer program.
- Sec. 7204. National training program.
- Sec. 7205. National strategic germplasm and cultivar collection assessment and utilization plan.
- Sec. 7206. National Genetics Resources Program.
- Sec. 7207. National Agricultural Weather Information System.
- Sec. 7208. Agricultural genome to phenome initiative.
- Sec. 7209. High-priority research and extension initiatives.
- Sec. 7210. Organic agriculture research and extension initiative.
- Sec. 7211. Farm business management.
- Sec. 7212. Urban, indoor, and other emerging agricultural production research, education, and extension initiative.
- Sec. 7213. Centers of excellence at 1890 Institutions.
- Sec. 7214. Clarification of veteran eligibility for assistive technology program for farmers with disabilities.
- Sec. 7215. National Rural Information Center Clearinghouse.

Subtitle C—Agricultural Research, Extension, and Education Reform Act of 1998

- Sec. 7301. National food safety training, education, extension, outreach, and technical assistance program.
- Sec. 7302. Integrated research, education, and extension competitive grants program.
- Sec. 7303. Support for research regarding diseases of wheat, triticale, and barley caused by *Fusarium graminearum* or by *Tilletia indica*.
- Sec. 7304. Grants for youth organizations.
- Sec. 7305. Specialty crop research initiative.
- Sec. 7306. Food Animal Residue Avoidance Database program.
- Sec. 7307. Office of Pest Management Policy.
- Sec. 7308. Forestry products advanced utilization research.

Subtitle D—Food, Conservation, and Energy Act of 2008

PART I—AGRICULTURAL SECURITY

- Sec. 7401. Agricultural biosecurity communication center.
- Sec. 7402. Assistance to build local capacity in agricultural biosecurity planning, preparation, and response.
- Sec. 7403. Research and development of agricultural countermeasures.
- Sec. 7404. Agricultural biosecurity grant program.

PART II—MISCELLANEOUS

- Sec. 7411. Grazinglands research laboratory.
- Sec. 7412. Farm and Ranch Stress Assistance Network.
- Sec. 7413. Natural products research program.
- Sec. 7414. Sun grant program.

Subtitle E—Amendments to Other Laws

- Sec. 7501. Critical Agricultural Materials Act.
- Sec. 7502. Equity in Educational Land-Grant Status Act of 1994.
- Sec. 7503. Research Facilities Act.
- Sec. 7504. Agriculture and Food Research Initiative.
- Sec. 7505. Extension design and demonstration initiative.
- Sec. 7506. Repeal of review of agricultural research service.
- Sec. 7507. Biomass research and development.
- Sec. 7508. Reinstatement of matching requirement for Federal funds used in extension work at the University of the District of Columbia.
- Sec. 7509. Renewable Resources Extension Act of 1978.
- Sec. 7510. National Aquaculture Act of 1980.
- Sec. 7511. Federal agriculture research facilities.

Subtitle F—Other Matters

- Sec. 7601. Enhanced use lease authority program.

- Sec. 7602. Transfer of administrative jurisdiction over portion of Henry A. Wallace Beltsville Agricultural Research Center, Beltsville, Maryland.
- Sec. 7603. Foundation for food and agriculture research.
- Sec. 7604. Assistance for forestry research under the McIntire-Stennis Cooperative Forestry Act.
- Sec. 7605. Legitimacy of industrial hemp research.
- Sec. 7606. Collection of data relating to barley area planted and harvested.
- Sec. 7607. Collection of data relating to the size and location of dairy farms.
- Sec. 7608. Agriculture innovation center demonstration program.
- Sec. 7609. Smith-Lever community extension program.
- Sec. 7610. Mechanization and automation for specialty crops.
- Sec. 7611. Experienced services program.
- Sec. 7612. Simplified plan of work.
- Sec. 7613. Review of land-grant time and effort reporting requirements.
- Sec. 7614. Matching funds requirement.

TITLE VIII—FORESTRY

Subtitle A—Cooperative Forestry Assistance Act of 1978

- Sec. 8101. Support for State assessments and strategies for forest resources.
- Sec. 8102. State and private forest landscape-scale restoration program.

Subtitle B—Forest and Rangeland Renewable Resources Research Act of 1978

- Sec. 8201. Repeal of recycling research.
- Sec. 8202. Repeal of forestry student grant program.

Subtitle C—Global Climate Change Prevention Act of 1990

- Sec. 8301. Repeals relating to biomass.

Subtitle D—Healthy Forests Restoration Act of 2003

- Sec. 8401. Promoting cross-boundary wildfire mitigation.
- Sec. 8402. Authorization of appropriations for hazardous fuel reduction on Federal land.
- Sec. 8403. Repeal of biomass commercial utilization grant program.
- Sec. 8404. Water Source Protection Program.
- Sec. 8405. Watershed Condition Framework.
- Sec. 8406. Authorization of appropriations to combat insect infestations and related diseases.
- Sec. 8407. Healthy Forests Restoration Act of 2003 amendments.
- Sec. 8408. Authorization of appropriations for designation of treatment areas.

Subtitle E—Repeal or Reauthorization of Miscellaneous Forestry Programs

- Sec. 8501. Repeal of revision of strategic plan for forest inventory and analysis.
- Sec. 8502. Semiarid agroforestry research center.
- Sec. 8503. National Forest Foundation Act.
- Sec. 8504. Conveyance of Forest Service administrative sites.

Subtitle F—Forest Management

- Sec. 8601. Definition of National Forest System.

PART I—EXPEDITED ENVIRONMENTAL ANALYSIS AND AVAILABILITY OF CATEGORICAL EXCLUSIONS TO EXPEDITE FOREST MANAGEMENT ACTIVITIES

- Sec. 8611. Categorical exclusion for greater sage-grouse and mule deer habitat.

PART II—MISCELLANEOUS FOREST MANAGEMENT ACTIVITIES

- Sec. 8621. Additional authority for sale or exchange of small parcels of National Forest System land.
- Sec. 8622. Forest Service participation in ACES program.
- Sec. 8623. Authorization for lease of Forest Service sites.
- Sec. 8624. Good neighbor authority.
- Sec. 8625. Chattahoochee-Oconee National Forest land adjustment.
- Sec. 8626. Tennessee wilderness.
- Sec. 8627. Kisatchie National Forest land conveyance.
- Sec. 8628. Purchase of Natural Resources Conservation Service property, Riverside County, California.
- Sec. 8629. Collaborative Forest Landscape Restoration Program.
- Sec. 8630. Utility infrastructure rights-of-way vegetation management pilot program.
- Sec. 8631. Okhissa Lake rural economic development land conveyance.
- Sec. 8632. Remote sensing technologies.

PART III—TIMBER INNOVATION

- Sec. 8641. Definitions.
- Sec. 8642. Clarification of research and development program for wood building construction.
- Sec. 8643. Wood innovation grant program.
- Sec. 8644. Community wood energy and wood innovation program.

Subtitle G—Other Matters

- Sec. 8701. Rural revitalization technologies.
- Sec. 8702. Resource Advisory Committees.
- Sec. 8703. Tribal forest management demonstration project.
- Sec. 8704. Technical corrections.
- Sec. 8705. Streamlining the Forest Service process for consideration of communications facility location applications.
- Sec. 8706. Report on wildfire, insect infestation, and disease prevention on Federal land.
- Sec. 8707. West Fork Fire Station.
- Sec. 8708. Competitive forestry, natural resources, and environmental grants program.

TITLE IX—ENERGY

- Sec. 9001. Definitions.
- Sec. 9002. Biobased markets program.
- Sec. 9003. Biorefinery assistance.
- Sec. 9004. Repowering assistance program.
- Sec. 9005. Bioenergy program for advanced biofuels.
- Sec. 9006. Biodiesel fuel education program.
- Sec. 9007. Rural Energy for America Program.
- Sec. 9008. Rural Energy Self-Sufficiency Initiative.
- Sec. 9009. Feedstock flexibility.
- Sec. 9010. Biomass Crop Assistance Program.
- Sec. 9011. Carbon utilization and biogas education program.

TITLE X—HORTICULTURE

- Sec. 10101. Specialty crops market news allocation.
- Sec. 10102. Local agriculture market program.
- Sec. 10103. Organic production and market data initiatives.
- Sec. 10104. Organic certification.
- Sec. 10105. National organic certification cost-share program.
- Sec. 10106. Food safety education initiatives.
- Sec. 10107. Specialty crop block grants.
- Sec. 10108. Amendments to the Plant Variety Protection Act.
- Sec. 10109. Multiple crop and pesticide use survey.
- Sec. 10110. Report on the arrival in the United States of forest pests through restrictions on the importation of certain plants for planting.
- Sec. 10111. Report on plant biostimulants.
- Sec. 10112. Clarification of use of funds for technical assistance.
- Sec. 10113. Hemp production.
- Sec. 10114. Interstate commerce.
- Sec. 10115. FIFRA interagency working group.
- Sec. 10116. Study on methyl bromide use in response to an emergency event.

TITLE XI—CROP INSURANCE

- Sec. 11101. Definitions.
- Sec. 11102. Data collection.
- Sec. 11103. Sharing of records.
- Sec. 11104. Use of resources.
- Sec. 11105. Specialty crops.
- Sec. 11106. Insurance period.
- Sec. 11107. Cover crops.
- Sec. 11108. Underserved producers.
- Sec. 11109. Treatment of forage and grazing.
- Sec. 11110. Administrative basic fee.
- Sec. 11111. Enterprise units.
- Sec. 11112. Continued authority.
- Sec. 11113. Submission of policies and materials to board.
- Sec. 11114. Crop production on native sod.
- Sec. 11115. Use of national agricultural statistics service data to combat waste, fraud, and abuse.
- Sec. 11116. Submission of information to corporation.

- Sec. 11117. Continuing education for loss adjusters and agents.
- Sec. 11118. Program administration.
- Sec. 11119. Agricultural commodity.
- Sec. 11120. Maintenance of policies.
- Sec. 11121. Reimbursement of research, development, and maintenance costs.
- Sec. 11122. Research and development authority.
- Sec. 11123. Funding for research and development.
- Sec. 11124. Technical amendment to pilot programs.
- Sec. 11125. Education and risk management assistance.
- Sec. 11126. Repeal of cropland report annual updates.

TITLE XII—MISCELLANEOUS

Subtitle A—Livestock

- Sec. 12101. Animal disease prevention and management.
- Sec. 12102. Sheep production and marketing grant program.
- Sec. 12103. Feasibility study on livestock dealer statutory trust.
- Sec. 12104. Definition of livestock.
- Sec. 12105. National Aquatic Animal Health Plan.
- Sec. 12106. Veterinary training.
- Sec. 12107. Report on FSIS guidance and outreach to small meat processors.
- Sec. 12108. Regional Cattle and Carcass Grading Correlation and Training Centers.

Subtitle B—Agriculture and Food Defense

- Sec. 12201. Repeal of Office of Homeland Security.
- Sec. 12202. Office of Homeland Security.
- Sec. 12203. Agriculture and food defense.
- Sec. 12204. Biological agents and toxins list.
- Sec. 12205. Authorization of appropriations.

Subtitle C—Historically Underserved Producers

- Sec. 12301. Farming opportunities training and outreach.
- Sec. 12302. Urban agriculture.
- Sec. 12303. Tribal Advisory Committee.
- Sec. 12304. Beginning farmer and rancher coordination.
- Sec. 12305. Agricultural youth organization coordinator.
- Sec. 12306. Availability of Department of Agriculture programs for veteran farmers and ranchers.

Subtitle D—Department of Agriculture Reorganization Act of 1994 Amendments

- Sec. 12401. Office of Congressional Relations and Intergovernmental Affairs.
- Sec. 12402. Military Veterans Agricultural Liaison.
- Sec. 12403. Civil rights analyses.
- Sec. 12404. Farm Service Agency.
- Sec. 12405. Under Secretary of Agriculture for Farm Production and Conservation.
- Sec. 12406. Office of Partnerships and Public Engagement.
- Sec. 12407. Under Secretary of Agriculture for Rural Development.
- Sec. 12408. Administrator of the Rural Utilities Service.
- Sec. 12409. Rural Health Liaison.
- Sec. 12410. Natural Resources Conservation Service.
- Sec. 12411. Office of the Chief Scientist.
- Sec. 12412. Appointment of national appeals division hearing officers.
- Sec. 12413. Trade and foreign agricultural affairs.
- Sec. 12414. Repeals.
- Sec. 12415. Technical corrections.
- Sec. 12416. Termination of authority.

Subtitle E—Other Miscellaneous Provisions

PART I—MISCELLANEOUS AGRICULTURE PROVISIONS

- Sec. 12501. Acer access and development program.
- Sec. 12502. Protecting animals with shelter.
- Sec. 12503. Marketing orders.
- Sec. 12504. Establishment of food loss and waste reduction liaison.
- Sec. 12505. Report on business centers.
- Sec. 12506. Report on personnel.
- Sec. 12507. Report on absent landlords.
- Sec. 12508. Century farms program.
- Sec. 12509. Report on importation of live dogs.
- Sec. 12510. Tribal Promise Zones.

- Sec. 12511. Precision agriculture connectivity.
- Sec. 12512. Improvements to United States Drought Monitor.
- Sec. 12513. Dairy business innovation initiatives.
- Sec. 12514. Report on funding for the National Institute of Food and Agriculture and other extension programs.
- Sec. 12515. Prohibition on slaughter of dogs and cats for human consumption.
- Sec. 12516. Labeling exemption for single ingredient foods and products.
- Sec. 12517. South Carolina inclusion in Virginia/Carolina peanut producing region.
- Sec. 12518. Forest Service hire authority.
- Sec. 12519. Conversion authority.
- Sec. 12520. Authorization of protection operations for the Secretary of Agriculture and others.

PART II—NATIONAL OILHEAT RESEARCH ALLIANCE

- Sec. 12531. National oilheat research alliance.

Subtitle F—General Provisions

- Sec. 12601. Baiting of migratory game birds.
- Sec. 12602. Pima agriculture cotton trust fund.
- Sec. 12603. Agriculture wool apparel manufacturers trust fund.
- Sec. 12604. Wool research and promotion.
- Sec. 12605. Emergency Citrus Disease Research and Development Trust Fund.
- Sec. 12606. Extension of merchandise processing fees.
- Sec. 12607. Reports on land access and farmland ownership data collection.
- Sec. 12608. Reauthorization of rural emergency medical services training and equipment assistance program.
- Sec. 12609. Commission on Farm Transitions—Needs for 2050.
- Sec. 12610. Exceptions under United States Grain Standards Act.
- Sec. 12611. Conference report requirement threshold.
- Sec. 12612. National agriculture imagery program.
- Sec. 12613. Report on inclusion of natural stone products in Commodity Promotion, Research, and Information Act of 1996.
- Sec. 12614. Establishment of food access liaison.
- Sec. 12615. Eligibility for operators on heirs property land to obtain a farm number.
- Sec. 12616. Extending prohibition on animal fighting to the territories.
- Sec. 12617. Exemption of exportation of certain echinoderms from permission and licensing requirements.
- Sec. 12618. Data on conservation practices.
- Sec. 12619. Conforming changes to Controlled Substances Act.

7 USC 9001 note.

SEC. 2. DEFINITION OF SECRETARY.

In this Act, the term “Secretary” means the Secretary of Agriculture.

TITLE I—COMMODITIES

Subtitle A—Commodity Policy

SEC. 1101. DEFINITION OF EFFECTIVE REFERENCE PRICE.

Section 1111 of the Agricultural Act of 2014 (7 U.S.C. 9011) is amended—

(1) by redesignating paragraphs (8) through (25) as paragraphs (9) through (26), respectively; and

(2) by inserting after paragraph (7) the following:

“(8) **EFFECTIVE REFERENCE PRICE.**—The term ‘effective reference price’, with respect to a covered commodity for a crop year, means the lesser of the following:

“(A) An amount equal to 115 percent of the reference price for such covered commodity.

“(B) An amount equal to the greater of—

“(i) the reference price for such covered commodity;

or

“(ii) 85 percent of the average of the marketing year average price of the covered commodity for the

most recent 5 crop years, excluding each of the crop years with the highest and lowest marketing year average price.”

SEC. 1102. BASE ACRES.

(a) TECHNICAL CORRECTIONS.—Section 1112(c)(2) of the Agricultural Act of 2014 (7 U.S.C. 9012(c)(2)) is amended by striking subparagraph (A) and inserting the following:

“(A) Any acreage on the farm enrolled in—

“(i) the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.); or

“(ii) a wetland reserve easement under section 1265C of the Food Security Act of 1985 (16 U.S.C. 3865c).”

(b) REDUCTION IN BASE ACRES.—Section 1112(d) of the Agricultural Act of 2014 (7 U.S.C. 9012(d)) is amended by adding at the end the following:

“(3) TREATMENT OF BASE ACRES ON FARMS ENTIRELY PLANTED TO GRASS OR PASTURE.—

“(A) IN GENERAL.—In the case of a farm on which all of the cropland was planted to grass or pasture (including cropland that was idle or fallow), as determined by the Secretary, during the period beginning on January 1, 2009, and ending on December 31, 2017, the Secretary shall maintain all base acres and payment yields for the covered commodities on the farm, except that no payment shall be made with respect to those base acres under section 1116 or 1117 for the 2019 through 2023 crop years.

“(B) INELIGIBILITY.—The producers on a farm for which all of the base acres are maintained under subparagraph (A) shall be ineligible for the option to change the election applicable to the producers on the farm under section 1115(h).

“(4) PROHIBITION ON RECONSTITUTION OF FARM.—The Secretary shall ensure that producers on a farm do not reconstitute the farm to void or change the treatment of base acres under this section.”

SEC. 1103. PAYMENT YIELDS.

(a) TREATMENT OF DESIGNATED OILSEEDS.—Section 1113(b) of the Agricultural Act of 2014 (7 U.S.C. 9013(b)) is amended—

(1) in paragraph (1), by striking “designated oilseeds” and inserting “oilseeds designated before the date of enactment of the Agriculture Improvement Act of 2018”;

(2) in paragraphs (2) and (3), by striking “a designated oilseed” each place it appears and inserting “an oilseed designated before the date of enactment of the Agriculture Improvement Act of 2018”; and

(3) by adding at the end the following:

“(4) TREATMENT OF OILSEEDS DESIGNATED AFTER CERTAIN DATE.—In the case of oilseeds designated on or after the date of enactment of the Agriculture Improvement Act of 2018, the payment yield shall be equal to 90 percent of the average of the yield per planted acre for the most recent 5 crop years, as determined by the Secretary, excluding any crop year in which the acreage planted to the covered commodity was zero.”

(b) SINGLE OPPORTUNITY TO UPDATE YIELDS.—Section 1113 of the Agricultural Act of 2014 (7 U.S.C. 9013) is amended by striking subsection (d) and inserting the following:

“(d) SINGLE OPPORTUNITY TO UPDATE YIELDS.—

“(1) ELECTION TO UPDATE.—At the sole discretion of the owner of a farm, the owner of a farm shall have a 1-time opportunity to update, on a covered-commodity-by-covered-commodity basis, the payment yield that would otherwise be used in calculating any price loss coverage payment for each covered commodity on the farm for which the election is made.

“(2) METHOD OF UPDATING YIELDS FOR COVERED COMMODITIES.—If the owner of a farm elects to update yields under paragraph (1), the payment yield for a covered commodity on the farm, for the purpose of calculating price loss coverage payments only, shall be equal to the product obtained by multiplying—

“(A) 90 percent;

“(B) the average of the yield per planted acre for the crop of covered commodities on the farm for the 2013 through 2017 crop years, as determined by the Secretary, excluding any crop year in which the acreage planted to the covered commodity was zero; and

“(C) subject to paragraph (3), the ratio obtained by dividing—

“(i) the average of the 2008 through 2012 national average yield per planted acre for the covered commodity, as determined by the Secretary; by

“(ii) the average of the 2013 through 2017 national average yield per planted acre for the covered commodity, as determined by the Secretary.

“(3) LIMITATION.—In no case shall the ratio obtained under paragraph (2)(C) be less than 90 percent or greater than 100 percent.

“(4) USE OF COUNTY AVERAGE YIELD.—For the purposes of determining the average yield per planted acre under paragraph (2)(B), if the yield per planted acre for a crop of a covered commodity for a farm for any of the crop years described in that subparagraph was less than 75 percent of the average of county yields for those crop years for that commodity, the Secretary shall assign a yield for that crop year equal to 75 percent of the average of the 2013 through 2017 county yield for the covered commodity.

“(5) UPLAND COTTON CONVERSION.—In the case of seed cotton, for purposes of determining the average of the yield per planted acre under this subsection, the average yield for seed cotton per planted acre shall be equal to 2.4 times the average yield for upland cotton per planted acre.

“(6) TIME FOR ELECTION.—An election under this subsection shall be made at a time and manner so as to be in effect beginning with the 2020 crop year, as determined by the Secretary.”.

SEC. 1104. PAYMENT ACRES.

Section 1114 of the Agricultural Act of 2014 (7 U.S.C. 9014) is amended—

(1) in subsection (d)—

(A) in paragraph (1), by inserting “, unless the sum of the base acres on the farm, when combined with the base acres of other farms in which the producer has an interest, is more than 10 acres” before the period at the end; and

(B) in paragraph (2)—

(i) in subparagraph (A), by striking “or” at the end;

(ii) in subparagraph (B), by striking the period at the end and inserting a semicolon; and

(iii) by adding at the end the following:

“(C) a beginning farmer or rancher (as defined in subsection (a) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279)); or

“(D) a veteran farmer or rancher (as defined in subsection (a) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279)).”; and (2) in subsection (e), by adding at the end the following:

“(5) EFFECT OF REDUCTION.—For each crop year for which fruits, vegetables (other than mung beans and pulse crops), or wild rice are planted to base acres on a farm for which a reduction in payment acres is made under this subsection, the Secretary shall consider such base acres to be planted, or prevented from being planted, to a covered commodity for purposes of any adjustment or reduction of base acres for the farm under section 1112.”.

SEC. 1105. PRODUCER ELECTION.

Section 1115 of the Agricultural Act of 2014 (7 U.S.C. 9015) is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by striking “Except as provided in subsection (g), for the 2014 through 2018 crop years” and inserting “For the 2014 through 2018 crop years (except as provided in subsection (g)) and for the 2019 through 2023 crop years (subject to subsection (h))”;

(2) in subsection (b), in the matter preceding paragraph (1), by striking “subsection (a), the producers on a farm that elect under paragraph (2) of such subsection to obtain agriculture risk coverage under section 1117” and inserting “subsection (a) or (h), as applicable, the producers on a farm that elect to obtain agriculture risk coverage”;

(3) in subsection (c)—

(A) in the matter preceding paragraph (1), by inserting “or the 2019 crop year, as applicable” after “2014 crop year”;

(B) in paragraph (1), by inserting “or the 2019 crop year, as applicable,” after “2014 crop year”; and

(C) by striking paragraph (2) and inserting the following:

“(2) subject to subsection (h), the producers on the farm shall be deemed to have elected, as applicable—

“(A) price loss coverage for all covered commodities on the farm for the 2015 through 2018 crop years; and

“(B) the same coverage for each covered commodity on the farm for the 2020 through 2023 crop years as was applicable for the 2015 through 2018 crop years.”;

(4) in subsection (g)(1), by inserting “for the 2018 crop year,” before “all of the producers”; and

(5) by adding at the end the following:

“(h) OPTION TO CHANGE ELECTION.—

“(1) IN GENERAL.—For the 2021 crop year and each crop year thereafter, all of the producers on a farm may change the election under subsection (a), subsection (c), or this subsection, as applicable, to price loss coverage or agriculture risk coverage, as applicable.

“(2) APPLICABILITY.—An election change under paragraph (1) shall apply to—

“(A) the crop year for which the election change is made; and

“(B) each crop year thereafter until another election change is made under that paragraph.”

SEC. 1106. PRICE LOSS COVERAGE.

Section 1116 of the Agricultural Act of 2014 (7 U.S.C. 9016) is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(B) in the matter preceding subparagraph (A) (as so redesignated)—

(i) by inserting “or (h)” after “subsection (a)”; and

(ii) by striking “determines that, for any of the 2014 through 2018 crop years—” and inserting “determines that—

“(1) for any of the 2014 through 2018 crop years—”;

(C) in paragraph (1)(B) (as so redesignated), by striking the period at the end and inserting “; or”; and

(D) by adding at the end the following:

“(2) for any of the 2019 through 2023 crop years—

“(A) the effective price for the covered commodity for the crop year; is less than

“(B) the effective reference price for the covered commodity for the crop year.”;

(2) in subsection (c)—

(A) by redesignating paragraphs (1) and (2) as clauses (i) and (ii), respectively, and indenting appropriately;

(B) in the matter preceding clause (i) (as so redesignated), by striking “The payment rate” and inserting the following:

“(1) IN GENERAL.—

“(A) 2014 THROUGH 2018 CROP YEARS.—For the 2014 through 2018 crop years, the payment rate”;

(C) in paragraph (1) (as so designated), by adding at the end the following:

“(B) 2019 THROUGH 2023 CROP YEARS.—For the 2019 through 2023 crop years, the payment rate shall be equal to the difference between—

“(i) the effective reference price for the covered commodity; and

“(ii) the effective price determined under subsection (b) for the covered commodity.”; and

(D) by adding at the end the following:

“(2) ANNOUNCEMENT.—Not later than 30 days after the end of each applicable 12-month marketing year for each covered commodity, the Secretary shall publish the payment rate determined under paragraph (1).

“(3) INSUFFICIENT DATA.—In the case of a covered commodity, such as temperate japonica rice, for which the Secretary cannot determine the payment rate for the most recent 12-month marketing year by the date described in paragraph (2) due to insufficient reporting of timely pricing data by 1 or more nongovernmental entities, including a marketing cooperative for the covered commodity, the Secretary shall publish the payment rate as soon as practicable after the marketing year data are made available.”; and

(3) by striking subsection (g) and inserting the following:

“(g) REFERENCE PRICE FOR TEMPERATE JAPONICA RICE.—In order to reflect price premiums, the Secretary shall provide a reference price with respect to temperate japonica rice in an amount equal to the amount established under subparagraph (F) of section 1111(19), as adjusted by paragraph (8) of such section, multiplied by the ratio obtained by dividing—

“(1) the simple average of the marketing year average price of medium grain rice from the 2012 through 2016 crop years; by

“(2) the simple average of the marketing year average price of all rice from the 2012 through 2016 crop years.”.

SEC. 1107. AGRICULTURE RISK COVERAGE.

Section 1117 of the Agricultural Act of 2014 (7 U.S.C. 9017) is amended—

(1) in subsection (a), in the matter preceding paragraph (1)—

(A) by inserting “(beginning with the 2019 crop year, based on the physical location of the farm)” after “payments”; and

(B) by inserting “or the 2019 through 2023 crop years, as applicable” after “2014 through 2018 crop years”;

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A), by striking “paragraph (4)” and inserting “paragraphs (4) and (5)”; and

(ii) in subparagraph (B), by striking “(5)” and inserting “(6)”; and

(B) in paragraph (3)—

(i) in subparagraph (A)(ii), by striking “(5)” and inserting “(6)”; and

(ii) in subparagraph (C), by striking “2018” and inserting “2023”;

(C) in paragraph (4)—

(i) by striking “If” and inserting the following:

“(A) 2014 THROUGH 2018 CROP YEARS.—Effective for the 2014 through 2018 crop years, if”; and

(ii) by adding at the end the following:

“(B) 2019 THROUGH 2023 CROP YEARS.—Effective for the 2019 through 2023 crop years, if the yield per planted acre for the covered commodity or historical county yield per planted acre for the covered commodity for any of

the 5 most recent crop years, as determined by the Secretary, is less than 80 percent of the transitional yield, as determined by the Secretary, the amounts used for any of those years in paragraph (2)(A) or (3)(A)(i) shall be 80 percent of the transitional yield.”;

(D) by redesignating paragraph (5) as paragraph (6);

(E) by inserting after paragraph (4) the following:

“(5) TREND-ADJUSTED YIELD.—The Secretary shall calculate and use a trend-adjusted yield factor to adjust the yield determined under paragraph (2)(A) and subsection (b)(1)(A), taking into consideration, but not exceeding, the trend-adjusted yield factor that is used to increase yield history under the endorsement under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) for that crop and county.”; and

(F) in paragraph (6) (as so redesignated)—

(i) by striking “REFERENCE PRICE.—If the national average market price” and inserting the following: “LOW NATIONAL AVERAGE MARKET PRICE.—

“(A) REFERENCE PRICE.—For the 2014 through 2018 crop years, if the national average market price”; and

(ii) by adding at the end the following:

“(B) EFFECTIVE REFERENCE PRICE.—For the 2019 through 2023 crop years, if the national average market price received by producers during the 12-month marketing year for any of the 5 most recent crop years is lower than the effective reference price for the covered commodity, the Secretary shall use the effective reference price for any of those years for the amounts in paragraph (2)(B) or (3)(A)(ii).”;

(3) in subsection (d)—

(A) in paragraph (1), by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and indenting appropriately;

(B) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(C) in the matter preceding subparagraph (A) (as so redesignated), by striking “The payment” and inserting the following:

“(1) IN GENERAL.—The payment”; and

(D) by adding at the end the following:

“(2) ANNOUNCEMENT.—Not later than 30 days after the end of each applicable 12-month marketing year for each covered commodity, the Secretary shall publish the payment rate determined under paragraph (1) for each county.”;

(4) in subsection (e), in the matter preceding paragraph (1), by striking “2018” and inserting “2023”;

(5) in subsection (g)—

(A) in paragraph (2), by striking “to the maximum extent practicable,”;

(B) in paragraph (3), by striking “and” after the semicolon at the end;

(C) in paragraph (4)—

(i) in the matter preceding subparagraph (A), by inserting “effective for the 2014 through 2018 crop years,” before “in the case of”; and

(ii) in subparagraph (B), by striking the period at the end and inserting “; and”; and

(D) by adding at the end the following:

“(5) effective for the 2019 through 2023 crop years, in the case of county coverage, assign an actual or benchmark county yield for each planted acre for the crop year for the covered commodity—

“(A) for a county for which county data collected by the Risk Management Agency are sufficient for the Secretary to offer a county-wide insurance product, using the actual average county yield determined by the Risk Management Agency; or

“(B) for a county not described in subparagraph (A), using—

“(i) other sources of yield information, as determined by the Secretary; or

“(ii) the yield history of representative farms in the State, region, or crop reporting district, as determined by the Secretary.”; and

(6) by adding at the end the following:

“(h) PUBLICATIONS.—

“(1) COUNTY GUARANTEE.—

“(A) IN GENERAL.—For each crop year for a covered commodity, the Secretary shall publish information describing, for that crop year for the covered commodity in each county—

“(i) the agriculture risk coverage guarantee for county coverage determined under subsection (c)(1);

“(ii) the average historical county yield determined under subsection (c)(2)(A); and

“(iii) the national average market price determined under subsection (c)(2)(B).

“(B) TIMING.—

“(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), not later than 30 days after the end of each applicable 12-month marketing year, the Secretary shall publish the information described in subparagraph (A).

“(ii) INSUFFICIENT DATA.—In the case of a covered commodity, such as temperate japonica rice, for which the Secretary cannot determine the national average market price for the most recent 12-month marketing year by the date described in clause (i) due to insufficient reporting of timely pricing data by 1 or more nongovernmental entities, including a marketing cooperative for the covered commodity, as soon as practicable after the pricing data are made available, the Secretary shall publish information describing—

“(I) the agriculture risk coverage guarantee under subparagraph (A)(i); and

“(II) the national average market price under subparagraph (A)(iii).

“(iii) TRANSITION.—Not later than 60 days after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall publish the information described in clauses (i) and (ii) of subparagraph (A) for the 2018 crop year.

“(2) ACTUAL AVERAGE COUNTY YIELD.—As soon as practicable after each crop year, the Secretary shall determine and publish each actual average county yield for each covered commodity, as determined under subsection (b)(1)(A).

“(3) DATA SOURCES FOR COUNTY YIELDS.—For the 2018 crop year and each crop year thereafter, the Secretary shall make publicly available information describing, for the most recent crop year—

“(A) the sources of data used to calculate county yields under subsection (c)(2)(A) for each covered commodity—

“(i) by county; and

“(ii) nationally; and

“(B) the number and outcome of occurrences in which the Farm Service Agency reviewed, changed, or determined not to change a source of data used to calculate county yields under subsection (c)(2)(A).

“(i) ADMINISTRATIVE UNITS.—

“(1) IN GENERAL.—For purposes of agriculture risk coverage payments in the case of county coverage, a county may be divided into not greater than 2 administrative units in accordance with this subsection.

“(2) ELIGIBLE COUNTIES.—A county that may be divided into administrative units under this subsection is a county that—

“(A) is larger than 1,400 square miles; and

“(B) contains more than 190,000 base acres.

“(3) ELECTIONS.—Before making any agriculture risk coverage payments for the 2019 crop year, the Farm Service Agency State committee, in consultation with the Farm Service Agency county or area committee of a county described in paragraph (2), may make a 1-time election to divide the county into administrative units under this subsection along a boundary that better reflects differences in weather patterns, soil types, or other factors.

“(4) LIMITATION.—The Secretary shall—

“(A) limit the number of counties that may be divided into administrative units under paragraph (3) to 25 counties; and

“(B) give preference to the division of counties that have greater variation in climate, soils, and expected productivity between the proposed administrative units.

“(5) ADMINISTRATION.—For purposes of providing agriculture risk coverage payments in the case of county coverage, the Secretary shall consider an administrative unit elected under paragraph (3) to be a county for the 2019 through 2023 crop years.”.

SEC. 1108. REPEAL OF TRANSITION ASSISTANCE FOR PRODUCERS OF UPLAND COTTON.

Section 1119 of the Agricultural Act of 2014 (7 U.S.C. 9019) is repealed.

Subtitle B—Marketing Loans

SEC. 1201. EXTENSIONS.

(a) IN GENERAL.—Section 1201(b)(1) of the Agricultural Act of 2014 (7 U.S.C. 9031(b)(1)) is amended by striking “2018” and inserting “2023”.

(b) REPAYMENT.—Section 1204 of the Agricultural Act of 2014 (7 U.S.C. 9034) is amended—

(1) in subsection (e)(2)(B), in the matter preceding clause (i), by striking “2019” and inserting “2024”; and

(2) in subsection (g), by striking “2018” and inserting “2023”.

(c) LOAN DEFICIENCY PAYMENTS.—

(1) EXTENSION.—Section 1205(a)(2)(B) of the Agricultural Act of 2014 (7 U.S.C. 9035(a)(2)(B)) is amended by striking “2018” and inserting “2023”.

(2) PAYMENTS IN LIEU OF LDPS.—Section 1206 of the Agricultural Act of 2014 (7 U.S.C. 9036) is amended in subsections (a) and (d) by striking “2018” each place it appears and inserting “2023”.

SEC. 1202. LOAN RATES FOR NONRECOURSE MARKETING ASSISTANCE LOANS.

(a) IN GENERAL.—Section 1202 of the Agricultural Act of 2014 (7 U.S.C. 9032) is amended—

(1) in subsection (a), by striking the subsection heading and inserting “2014 THROUGH 2018 CROP YEARS”;

(2) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively;

(3) by inserting after subsection (a) the following:

“(b) 2019 THROUGH 2023 CROP YEARS.—For purposes of each of the 2019 through 2023 crop years, the loan rate for a marketing assistance loan under section 1201 for a loan commodity shall be equal to the following:

“(1) In the case of wheat, \$3.38 per bushel.

“(2) In the case of corn, \$2.20 per bushel.

“(3) In the case of grain sorghum, \$2.20 per bushel.

“(4) In the case of barley, \$2.50 per bushel.

“(5) In the case of oats, \$2.00 per bushel.

“(6)(A) Subject to subparagraphs (B) and (C), in the case of base quality of upland cotton, the simple average of the adjusted prevailing world price for the 2 immediately preceding marketing years, as determined by the Secretary and announced October 1 preceding the next domestic planting.

“(B) Except as provided in subparagraph (C), the loan rate determined under subparagraph (A) may not equal less than an amount equal to 98 percent of the loan rate for base quality of upland cotton for the preceding year.

“(C) The loan rate determined under subparagraph (A) may not be equal to an amount—

“(i) less than \$0.45 per pound; or

“(ii) more than \$0.52 per pound.

“(7) In the case of extra long staple cotton, \$0.95 per pound.

“(8) In the case of long grain rice, \$7.00 per hundredweight.

“(9) In the case of medium grain rice, \$7.00 per hundredweight.

“(10) In the case of soybeans, \$6.20 per bushel.

“(11) In the case of other oilseeds, \$10.09 per hundredweight for each of the following kinds of oilseeds:

“(A) Sunflower seed.

“(B) Rapeseed.

“(C) Canola.

“(D) Safflower.

“(E) Flaxseed.

“(F) Mustard seed.

“(G) Crambe.

“(H) Sesame seed.

“(I) Other oilseeds designated by the Secretary.

“(12) In the case of dry peas, \$6.15 per hundredweight.

“(13) In the case of lentils, \$13.00 per hundredweight.

“(14) In the case of small chickpeas, \$10.00 per hundredweight.

“(15) In the case of large chickpeas, \$14.00 per hundredweight.

“(16) In the case of graded wool, \$1.15 per pound.

“(17) In the case of nongraded wool, \$0.40 per pound.

“(18) In the case of mohair, \$4.20 per pound.

“(19) In the case of honey, \$0.69 per pound.

“(20) In the case of peanuts, \$355 per ton.”; and

(4) in subsection (c) (as so redesignated), by striking “subsection (a)(11)” and inserting “subsections (a)(11) and (b)(11)”.

(b) CONFORMING AMENDMENT.—Section 1204(h)(1) of the Agricultural Act of 2014 (7 U.S.C. 9034(h)(1)) is amended by striking “section 1202(a)(20)” and inserting “subsection (a)(20) or (b)(20), as applicable, of section 1202”.

SEC. 1203. ECONOMIC ADJUSTMENT ASSISTANCE FOR TEXTILE MILLS.

(a) 2008 AUTHORITY.—Section 1207 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8737) is amended by striking subsection (c).

(b) 2014 AUTHORITY.—Section 1207(c) of the Agricultural Act of 2014 (7 U.S.C. 9037(c)) is amended by striking the subsection heading and inserting “ECONOMIC ADJUSTMENT ASSISTANCE FOR TEXTILE MILLS”.

SEC. 1204. SPECIAL COMPETITIVE PROVISIONS FOR EXTRA LONG STAPLE COTTON.

(a) IN GENERAL.—Section 1208(a) of the Agricultural Act of 2014 (7 U.S.C. 9038(a)) is amended in the matter preceding paragraph (1) by striking “2019” and inserting “2024”.

(b) PAYMENTS UNDER PROGRAM; TRIGGER.—Section 1208(b)(2) of the Agricultural Act of 2014 (7 U.S.C. 9038(b)(2)) is amended by striking “134 percent” and inserting “113 percent”.

SEC. 1205. AVAILABILITY OF RECOURSE LOANS.

(a) IN GENERAL.—Section 1209 of the Agricultural Act of 2014 (7 U.S.C. 9039) is amended in subsections (a)(2) and (b) by striking “2018” each place it appears and inserting “2023”.

(b) RECOURSE LOANS AVAILABLE FOR CONTAMINATED COMMODITIES.—Section 1209 of the Agricultural Act of 2014 (7 U.S.C. 9039) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following:

“(c) RECOURSE LOANS AVAILABLE FOR CONTAMINATED COMMODITIES.—In the case of a loan commodity that is ineligible for 100 percent of the nonrecourse marketing loan rate in the county due to a determination that the commodity is contaminated yet still merchantable, for each of the 2019 through 2023 crops of such loan commodity, the Secretary shall make available recourse commodity loans, at the rate provided under section 1202, on any production.”.

Subtitle C—Sugar

SEC. 1301. SUGAR POLICY.

(a) SUGAR PROGRAM.—

(1) SUGARCANE.—Section 156(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(a)) is amended—

(A) in paragraph (3), by striking “and” at the end;

(B) in paragraph (4), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(5) 19.75 cents per pound for raw cane sugar for each of the 2019 through 2023 crop years.”.

(2) SUGAR BEETS.—Section 156(b)(2) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(b)(2)) is amended by striking “2018” and inserting “2023”.

(3) EFFECTIVE PERIOD.—Section 156(i) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(i)) is amended by striking “2018” and inserting “2023”.

(b) FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.—

(1) SUGAR ESTIMATES.—Section 359b(a)(1) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359bb(a)(1)) is amended by striking “2018” and inserting “2023”.

(2) EFFECTIVE PERIOD.—Section 359l(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ll(a)) is amended by striking “2018” and inserting “2023”.

Subtitle D—Dairy Margin Coverage and Other Dairy Related Provisions

SEC. 1401. DAIRY MARGIN COVERAGE.

(a) REVIEW OF DATA USED IN CALCULATION OF AVERAGE FEED COST.—Not later than 60 days after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating the extent to which the average cost of feed used by a dairy operation to produce a hundredweight of milk calculated by the Secretary as required by section 1402(a) of the Agricultural Act of 2014 (7 U.S.C. 9052(a)) is representative of actual dairy feed costs.

(b) CORN SILAGE REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the

Senate a report detailing the costs incurred by dairy operations in the use of corn silage as feed, and the difference between the feed cost of corn silage and the feed cost of corn.

7 USC 9052 note.

(c) COLLECTION OF ALFALFA HAY DATA.—Not later than 120 days after the date of the enactment of this Act, the Secretary, acting through the National Agricultural Statistics Service, shall revise monthly price survey reports to include prices for high-quality alfalfa hay in the top five milk producing States, as measured by volume of milk produced during the previous month.

(d) REGISTRATION OF MULTIPRODUCER DAIRY OPERATIONS.—Section 1404(b) of the Agricultural Act of 2014 (7 U.S.C. 9054(b)) is amended—

(1) by redesignating paragraph (4) as paragraph (5); and
(2) by striking paragraph (3) and inserting the following:

“(3) ELECTION PERIOD FOR 2019 CALENDAR YEAR.—For the 2019 calendar year, the Secretary shall—

“(A) open the election period not later than 60 days after the effective date described in section 1401(m) of the Agriculture Improvement Act of 2018; and

“(B) hold that election period open for not less than 90 days.

“(4) TREATMENT OF MULTIPRODUCER DAIRY OPERATION.—

“(A) IN GENERAL.—If a participating dairy operation is operated by more than 1 dairy producer, the dairy producers of the dairy operation who elect to participate shall be treated as a single dairy operation for purposes of participating in dairy margin coverage.

“(B) RULE OF CONSTRUCTION.—Subparagraph (A) shall not be construed to allow a producer to adjust the proportion of their share covered under tier I or tier II premiums from the proportion covered for the operation.”.

(e) RELATION TO LIVESTOCK GROSS MARGIN FOR DAIRY PROGRAM.—

(1) IN GENERAL.—Section 1404 of the Agricultural Act of 2014 (7 U.S.C. 9054) is amended by striking subsection (d).

(2) RETROACTIVE PROGRAM OPTION.—Section 1404(b)(2) of the Agricultural Act of 2014 (7 U.S.C. 9054(b)(2)) is amended—

(A) by striking “The Secretary” and inserting the following:

“(A) IN GENERAL.—The Secretary”; and

(B) by adding at the end the following:

“(B) RETROACTIVE PROGRAM OPTION.—In the case of a dairy operation that, by operation of subsection (d) (as in effect on the day before the date of enactment of the Agriculture Improvement Act of 2018), was ineligible to participate in the margin protection program for any part of calendar year 2018, the Secretary shall establish a new election period for that calendar year that ends on a date that is not less than 90 days after the date of enactment of the Agriculture Improvement Act of 2018 and the Secretary determines is necessary for dairy operations to make new elections to participate in the margin protection program (as in effect on the day before the date of enactment of the Agriculture Improvement Act of 2018) for that calendar year, including dairy operations that elected to participate in the livestock gross margin for dairy program under the Federal Crop Insurance Act (7 U.S.C. 1501 et

seq.) before the date of enactment of the Bipartisan Budget Act of 2018 (Public Law 115–123).”.

(f) PRODUCTION HISTORY OF PARTICIPATING DAIRY OPERATORS.—

(1) ADJUSTMENT.—Section 1405 of the Agricultural Act of 2014 (7 U.S.C. 9055) is amended—

(A) in subsection (a)—

(i) in paragraph (2), by striking “In subsequent years” and inserting “In the subsequent calendar years ending before January 1, 2019”; and

(ii) in paragraph (3), by inserting “, as applicable” after “paragraph (2)”; and

(B) in subsection (b)—

(i) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(ii) in the matter preceding subparagraph (A) (as so redesignated), by striking “In the case” and inserting the following:

“(1) DAIRY OPERATIONS WITH LESS THAN 1 YEAR OF PRODUCTION HISTORY.—In the case”; and

(iii) by adding at the end the following:

“(2) DAIRY OPERATIONS WITH 1 YEAR OR MORE OF PRODUCTION HISTORY.—In the case of a participating dairy operation that was not in operation prior to January 1, 2014, that has not established a production history, and that has been in operation for equal to or longer than 1 year, the participating dairy operation shall elect the annual milk marketings during any 1 calendar year to determine the production history of the participating dairy operation.

“(3) ADJUSTMENT.—The Secretary shall adjust the production history of a participating dairy operation determined under paragraph (1) or (2) to reflect any increase or decrease in the national average milk production relative to calendar year 2017.”.

(2) LIMITATION ON CHANGES TO BUSINESS STRUCTURE.—Section 1405 of the Agricultural Act of 2014 (7 U.S.C. 9055) is amended by adding at the end the following new subsection:

“(d) LIMITATION ON CHANGES TO BUSINESS STRUCTURE.—The Secretary may not make dairy margin coverage payments to a participating dairy operation if the Secretary determines that the participating dairy operation has reorganized the structure of such operation solely for the purpose of qualifying as a new operation under subsection (b).”.

(g) COVERAGE LEVEL THRESHOLD AND COVERAGE PERCENTAGE.—Section 1406 of the Agricultural Act of 2014 (7 U.S.C. 9056) is amended by striking subsection (a) and inserting the following:

“(a) COVERAGE LEVEL THRESHOLD AND COVERAGE PERCENTAGE.—

“(1) COVERAGE LEVEL THRESHOLD.—

“(A) IN GENERAL.—For purposes of receiving dairy margin coverage payments for a month, a participating dairy operation shall annually elect a coverage level threshold that is equal to \$4.00, \$4.50, \$5.00, \$5.50, \$6.00, \$6.50, \$7.00, \$7.50, \$8.00, \$8.50, \$9.00, or \$9.50.

“(B) APPLICABILITY.—Except as provided in subparagraph (C), the coverage level threshold elected under

subparagraph (A) shall apply to the covered production elected by the participating dairy operation under paragraph (2).

“(C) SECOND COVERAGE ELECTION FOR TIER II.—In the case of a participating dairy operation that elects a coverage level threshold of \$8.50, \$9.00, or \$9.50 under subparagraph (A)—

“(i) that coverage level threshold shall apply to the first 5,000,000 pounds of milk marketings included in the covered production elected by the participating dairy operation; and

“(ii) the participating dairy operation shall elect a coverage level threshold that is equal to \$4.00, \$4.50, \$5.00, \$5.50, \$6.00, \$6.50, \$7.00, \$7.50, or \$8.00 to apply to milk marketings in excess of 5,000,000 pounds included in the covered production elected by the participating dairy operation.

“(2) COVERAGE PERCENTAGE.—For purposes of receiving dairy margin coverage payments for a month, a participating dairy operation shall annually elect a percentage of coverage, in 5-percent increments, not exceeding 95 percent of the production history of the participating dairy operation.”.

(h) PRODUCER PREMIUMS.—Section 1407 of the Agricultural Act of 2014 (7 U.S.C. 9057) is amended—

(1) in subsection (b), by striking paragraphs (2) and (3) and inserting the following:

“(2) PRODUCER PREMIUMS.—Except as provided in subsection (g), the following annual premiums apply:

“Coverage Level	Premium per Cwt.
\$4.00	None
\$4.50	\$0.0025
\$5.00	\$0.005
\$5.50	\$0.030
\$6.00	\$0.050
\$6.50	\$0.070
\$7.00	\$0.080
\$7.50	\$0.090
\$8.00	\$0.100
\$8.50	\$0.105
\$9.00	\$0.110
\$9.50	\$0.150”; and

(2) in subsection (c), by striking paragraph (2) and inserting the following:

“(2) PRODUCER PREMIUMS.—Except as provided in subsection (g), the following annual premiums apply:

“Coverage Level	Premium per Cwt.
\$4.00	None

“Coverage Level	Premium per Cwt.
\$4.50	\$0.0025
\$5.00	\$0.005
\$5.50	\$0.100
\$6.00	\$0.310
\$6.50	\$0.650
\$7.00	\$1.107
\$7.50	\$1.413
\$8.00	\$1.813”.

(i) REPAYMENT OF PREMIUMS.—Section 1407 of the Agricultural Act of 2014 (7 U.S.C. 9057) is amended by adding at the end the following:

“(f) REPAYMENT OF PREMIUMS.—

“(1) IN GENERAL.—Each dairy operation described in paragraph (2) shall be eligible to receive a repayment from the Secretary in an amount equal to the difference between—

“(A) the total amount of premiums paid by the participating dairy operation under this section for each applicable calendar year; and

“(B) the total amount of payments made to the participating dairy operation under section 1406 for that calendar year.

“(2) ELIGIBILITY.—A dairy operation that is eligible to receive a repayment under paragraph (1) is a dairy operation that—

“(A) participated in the margin protection program, as in effect for any of calendar years 2014 through 2017; and

“(B) submits to the Secretary an application for the repayment at such time, in such manner, and containing such information as the Secretary may require.

“(3) METHOD OF REPAYMENT.—A dairy operation that is eligible to receive a repayment under paragraph (1) shall elect to receive the repayment—

“(A) in an amount equal to 75 percent of the repayment calculated under that paragraph as credit that may be used by the dairy operation for dairy margin coverage premiums; or

“(B) in an amount equal to 50 percent of the repayment calculated under that paragraph as a direct cash repayment.

“(4) APPLICABILITY.—Paragraph (1) shall only apply to a calendar year during the period of calendar years 2014 through 2017 for which the amount described in subparagraph (A) of that paragraph is greater than the amount described in subparagraph (B) of that paragraph.”.

(j) PREMIUM DISCOUNT.—Section 1407 of the Agricultural Act of 2014 (7 U.S.C. 9057) (as amended by subsection (i)) is amended by adding at the end the following:

“(g) PREMIUM DISCOUNT.—The premium per hundredweight specified in the tables contained in subsections (b) and (c) for each coverage level shall be reduced by 25 percent in accordance with the following:

“(1) IN GENERAL.—For each of calendar years 2019 through 2023, for a participating dairy operation that makes a 1-time election of coverage level in a tier and of a percentage of coverage under section 1406(a) for the 5-year period beginning in January 2019.

“(2) NEW DAIRY OPERATIONS.—For each applicable calendar year through 2023, for a participating dairy operation that—

“(A) establishes a production history pursuant to section 1405(b); and

“(B) makes a 1-time election of coverage level in a tier and of a percentage of coverage under section 1406(a) for the period beginning with the first available calendar year and ending in December 2023.

“(3) FULL PARTICIPATION REQUIRED.—Notwithstanding the annual elections under section 1406(a)—

“(A) a 1-time enrollment under this subsection shall remain in effect for the full duration applicable to a participating dairy operation in accordance with paragraph (1) or (2)(B), as applicable; and

“(B) a participating dairy operation that makes a 1-time enrollment under this subsection and is noncompliant under section 1408 shall be subject to that section.”.

(k) CONFORMING AMENDMENTS RELATED TO PROGRAM NAME.—

(1) HEADING.—The heading of part I of subtitle D of title I of the Agricultural Act of 2014 (Public Law 113–79; 128 Stat. 688) is amended to read as follows:

“PART I—DAIRY MARGIN COVERAGE”.

(2) DEFINITIONS.—Section 1401 of the Agricultural Act of 2014 (7 U.S.C. 9051) is amended—

(A) by striking paragraphs (5) and (6) and inserting the following new paragraphs:

“(5) DAIRY MARGIN COVERAGE.—The term ‘dairy margin coverage’ means the dairy margin coverage program required by section 1403.

“(6) DAIRY MARGIN COVERAGE PAYMENT.—The term ‘dairy margin coverage payment’ means a payment made to a participating dairy operation under dairy margin coverage pursuant to section 1406.”; and

(B) in paragraphs (7) and (8), by striking “the margin protection program” both places it appears and inserting “dairy margin coverage”.

(3) CALCULATION OF ACTUAL DAIRY PRODUCTION MARGIN.—Section 1402(b)(1) of the Agricultural Act of 2014 (7 U.S.C. 9052(b)(1)) is amended in the matter preceding subparagraph (A) by striking “the margin protection program” and inserting “dairy margin coverage”.

(4) PROGRAM OPERATION.—Section 1403 of the Agricultural Act of 2014 (7 U.S.C. 9053) is amended—

(A) by striking the section heading and inserting “DAIRY MARGIN COVERAGE”;

(B) by striking “Not later than September 1, 2014, the Secretary shall establish and administer a margin protection program” and inserting the following:

“(a) IN GENERAL.—The Secretary shall continue to administer a dairy margin coverage program”;

(C) in subsection (a) (as so designated), by striking “margin protection payment” both places it appears and inserting “dairy margin coverage payment”; and

(D) by adding at the end the following:

“(b) REGULATIONS.—Subpart A of part 1430 of title 7, Code of Federal Regulations (as in effect on the date of enactment of the Agriculture Improvement Act of 2018), shall remain in effect for dairy margin coverage beginning with the 2019 calendar year, except to the extent that the regulations are inconsistent with any provision of this Act.”.

(5) PARTICIPATION.—Section 1404 of the Agricultural Act of 2014 (7 U.S.C. 9054) is amended—

(A) in the section heading, by striking “**MARGIN PROTECTION PROGRAM**” and inserting “**DAIRY MARGIN COVERAGE**”;

(B) in subsection (a), by striking “the margin protection program to receive margin protection payments” and inserting “dairy margin coverage to receive dairy margin coverage payments”; and

(C) in subsections (b) and (c), by striking “the margin protection program” each place it appears and inserting “dairy margin coverage”.

(6) PRODUCTION HISTORY.—Section 1405 of the Agricultural Act of 2014 (7 U.S.C. 9055) is amended in subsections (a)(1) and (c) by striking “the margin protection program” each place it appears and inserting “dairy margin coverage”.

(7) PAYMENTS.—Section 1406 of the Agricultural Act of 2014 (7 U.S.C. 9056) is amended—

(A) in the section heading, by striking “**MARGIN PROTECTION**” and inserting “**DAIRY MARGIN COVERAGE**”;

(B) by striking “margin protection” each place it appears and inserting “dairy margin coverage”; and

(C) in the heading of subsection (c), by striking “**MARGIN PROTECTION**”.

(8) PREMIUMS.—Section 1407 of the Agricultural Act of 2014 (7 U.S.C. 9057) is amended—

(A) in the section heading, by striking “**MARGIN PROTECTION PROGRAM**” and inserting “**DAIRY MARGIN COVERAGE**”;

(B) in subsection (a), in the matter preceding paragraph (1), by striking “the margin protection program” and inserting “dairy margin coverage”;

(C) in subsection (d), by striking “program” and inserting “dairy margin coverage”; and

(D) in subsection (e)—

(i) by striking “the margin protection program” both places it appears and inserting “dairy margin coverage”; and

(ii) in paragraph (2), by striking “integrity of the program” and inserting “integrity of dairy margin coverage”.

(9) FAILURE TO PAY ADMINISTRATIVE FEES OR PREMIUMS.—Section 1408 of the Agricultural Act of 2014 (7 U.S.C. 9058) is amended—

(A) in subsection (a)(2), by striking “margin protection” and inserting “dairy margin coverage”; and

(B) in subsection (b), by striking “the margin protection program” and inserting “dairy margin coverage”.

(10) ADMINISTRATION AND ENFORCEMENT.—Section 1410 of the Agricultural Act of 2014 (7 U.S.C. 9060) is amended—

(A) in subsections (a) and (c), by striking “the margin protection program” each place it appears and inserting “dairy margin coverage”; and

(B) in subsection (b), by striking “margin protection” and inserting “dairy margin coverage”.

(1) DURATION.—Section 1409 of the Agricultural Act of 2014 (7 U.S.C. 9059) is amended—

(1) by striking “The margin protection program” and inserting “Dairy margin coverage”; and

(2) by striking “2018” and inserting “2023”.

7 USC 9051 note.

(m) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2019.

SEC. 1402. REAUTHORIZATIONS.

(a) FORWARD PRICING.—Section 1502(e) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8772(e)) is amended—

(1) in paragraph (1), by striking “2018” and inserting “2023”; and

(2) in paragraph (2), by striking “2021” and inserting “2026”.

(b) INDEMNITY PROGRAM.—Section 3 of Public Law 90–484 (7 U.S.C. 4553) is amended by striking “2018” and inserting “2023”.

(c) PROMOTION AND RESEARCH.—Section 113(e)(2) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(e)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 1403. CLASS I SKIM MILK PRICE.

(a) CLASS I SKIM MILK PRICE.—Section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking “Throughout” in the third sentence and all that follows through the period at the end of the fourth sentence and inserting “Throughout the 2-year period beginning on the effective date of this sentence (and subsequent to such 2-year period unless modified by amendment to the order involved), for purposes of determining prices for milk of the highest use classification, the Class I skim milk price per hundredweight specified in section 1000.50(b) of title 7, Code of Federal Regulations (or successor regulations), shall be the sum of the adjusted Class I differential specified in section 1000.52 of such title 7 (or successor regulations), plus the adjustment to Class I prices specified in sections 1005.51(b), 1006.51(b), and 1007.51(b) of such title 7 (or successor regulations), plus the simple average of the advanced pricing factors computed in sections 1000.50(q)(1) and 1000.50(q)(2) of such title 7 (or successor regulations), plus \$0.74.”

7 USC 608c note.

(b) EFFECTIVE DATE AND IMPLEMENTATION.—

(1) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the first day of the first month beginning more than 120 days after the date of enactment of this Act.

(2) IMPLEMENTATION.—Implementation of the amendment made by subsection (a) shall not be subject to any of the following:

(A) The notice and comment provisions of section 553 of title 5, United States Code.

(B) The notice and hearing requirements of section 8c(3) of the Agricultural Adjustment Act (7 U.S.C. 608c(3)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

(C) The order amendment requirements of section 8c(17) of that Act (7 U.S.C. 608c(17)).

(D) A referendum under section 8c(19) of that Act (7 U.S.C. 608c(19)).

SEC. 1404. DAIRY PRODUCT DONATION.

(a) **REPEAL OF DAIRY PRODUCT DONATION PROGRAM.**—Section 1431 of the Agricultural Act of 2014 (7 U.S.C. 9071) is repealed.

(b) **MILK DONATION PROGRAM.**—

(1) **IN GENERAL.**—Part III of subtitle D of title I of the Agricultural Act of 2014 (Public Law 113–79; 128 Stat. 695) is amended to read as follows:

“PART III—MILK DONATION PROGRAM

“SEC. 1431. MILK DONATION PROGRAM.

7 USC 9071.

“(a) **DEFINITIONS.**—In this section:

“(1) **ELIGIBLE DAIRY ORGANIZATION.**—The term ‘eligible dairy organization’ means a dairy farmer (either individually or as part of a cooperative), or a dairy processor, who—

“(A) accounts to a Federal milk marketing order marketwide pool; and

“(B) incurs qualified expenses under subsection (e).

“(2) **ELIGIBLE DISTRIBUTOR.**—The term ‘eligible distributor’ means a public or private nonprofit organization that distributes donated eligible milk.

“(3) **ELIGIBLE MILK.**—The term ‘eligible milk’ means Class I fluid milk products produced and processed in the United States.

“(4) **ELIGIBLE PARTNERSHIP.**—The term ‘eligible partnership’ means a partnership between an eligible dairy organization and an eligible distributor.

“(5) **PARTICIPATING PARTNERSHIP.**—The term ‘participating partnership’ means an eligible partnership for which the Secretary has approved a donation and distribution plan for eligible milk under subsection (c)(2).

“(b) **PROGRAM REQUIRED; PURPOSES.**—Not later than 180 days after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall establish and administer a milk donation program for the purposes of—

“(1) encouraging the donation of eligible milk;

“(2) providing nutrition assistance to individuals in low-income groups; and

“(3) reducing food waste.

“(c) **DONATION AND DISTRIBUTION PLANS.**—

“(1) **IN GENERAL.**—To be eligible to receive reimbursement under subsection (d), an eligible partnership shall submit to the Secretary a donation and distribution plan that—

“(A) describes the process that the eligible partnership will use for the donation, processing, transportation, temporary storage, and distribution of eligible milk;

“(B) includes an estimate of the quantity of eligible milk that the eligible partnership will donate each year, based on—

“(i) preplanned donations; and

“(ii) contingency plans to address unanticipated donations; and

“(C) describes the rate at which the eligible partnership will be reimbursed, which shall be based on a percentage of the limitation described in subsection (e)(2), not to exceed 100 percent.

“(2) REVIEW AND APPROVAL.—Not less frequently than annually, the Secretary shall—

“(A) review donation and distribution plans submitted under paragraph (1); and

“(B) determine whether to approve or disapprove each of those donation and distribution plans.

“(d) REIMBURSEMENT.—

“(1) IN GENERAL.—On receipt of appropriate documentation under paragraph (2), the Secretary shall reimburse an eligible dairy organization that is a member of a participating partnership on a regular basis for qualified expenses described in subsection (e).

“(2) DOCUMENTATION.—

“(A) IN GENERAL.—An eligible dairy organization shall submit to the Secretary such documentation as the Secretary may require to demonstrate the qualified expenses described in subsection (e) of the eligible dairy organization.

“(B) VERIFICATION.—The Secretary may verify the accuracy of documentation submitted under subparagraph (A) by spot checks and audits.

“(3) RETROACTIVE REIMBURSEMENT.—In providing reimbursements under paragraph (1), the Secretary may provide reimbursements for qualified expenses incurred before the date on which the donation and distribution plan for the applicable participating partnership was approved by the Secretary.

“(e) QUALIFIED EXPENSES.—

“(1) IN GENERAL.—The amount of a reimbursement under subsection (d) shall be an amount equal to the product of—

“(A) the quantity of eligible milk donated by the eligible dairy organization under a donation and distribution plan approved by the Secretary under subsection (c); and

“(B) subject to the limitation under paragraph (2), the rate described in that donation and distribution plan under subsection (c)(1)(C).

“(2) LIMITATION.—Expenses eligible for reimbursement under subsection (d) shall not exceed the value that an eligible dairy organization incurred by accounting to the Federal milk marketing order pool at the difference in the Class I milk value and the lowest classified price for the applicable month (either Class III milk or Class IV milk).

“(f) PREAPPROVAL.—

“(1) IN GENERAL.—The Secretary shall—

“(A) establish a process for an eligible partnership to apply for preapproval of donation and distribution plans under subsection (c); and

“(B) not less frequently than annually, preapprove an amount for qualified expenses described in subsection (e) that the Secretary will allocate for reimbursement under each donation and distribution plan preapproved under subparagraph (A), based on an assessment of—

“(i) the feasibility of the plan; and

“(ii) the extent to which the plan advances the purposes described in subsection (b).

“(2) PREFERENCE.—In preapproving amounts for reimbursement under paragraph (1)(B), the Secretary shall give preference to eligible partnerships that will provide funding and in-kind contributions in addition to the reimbursements.

“(3) ADJUSTMENTS.—

“(A) IN GENERAL.—The Secretary shall adjust or increase amounts preapproved for reimbursement under paragraph (1)(B) based on performance and demand.

“(B) REQUESTS FOR INCREASE.—

“(i) IN GENERAL.—The Secretary shall establish a procedure for a participating partnership to request an increase in the amount preapproved for reimbursement under paragraph (1)(B) based on changes in conditions.

“(ii) INTERIM APPROVAL; INCREMENTAL INCREASE.—The Secretary may provide an interim approval of an increase requested under clause (i) and an incremental increase in the amount of reimbursement to the applicable participating partnership to allow time for the Secretary to review the request without interfering with the donation and distribution of eligible milk by the participating partnership.

“(g) PROHIBITION ON RESALE OF PRODUCTS.—

“(1) IN GENERAL.—An eligible distributor that receives eligible milk donated under this section may not sell the products back into commercial markets.

“(2) PROHIBITION ON FUTURE PARTICIPATION.—An eligible distributor that the Secretary determines has violated paragraph (1) shall not be eligible for any future participation in the program established under this section.

“(h) ADMINISTRATION.—The Secretary shall publicize opportunities to participate in the program established under this section.

“(i) REVIEWS.—The Secretary shall conduct appropriate reviews or audits to ensure the integrity of the program established under this section.

“(j) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section \$9,000,000 for fiscal year 2019, and \$5,000,000 for each fiscal year thereafter, to remain available until expended.”

(2) CONFORMING AMENDMENT.—Section 1401 of the Agricultural Act of 2014 (7 U.S.C. 9051) is amended, in the matter preceding paragraph (1), by striking “and part III”.

Subtitle E—Supplemental Agricultural Disaster Assistance

SEC. 1501. SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE.

(a) **MEMBERS OF INDIAN TRIBES.**—Section 1501(a)(1)(B) of the Agricultural Act of 2014 (7 U.S.C. 9081(a)(1)(B)) is amended—

(1) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; and

(2) by inserting after clause (ii) the following:

“(iii) an Indian tribe or tribal organization (as those terms are defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304));”.

(b) **COVERED LIVESTOCK LOSSES FOR LIVESTOCK INDEMNITY PAYMENTS.**—Section 1501(b) of the Agricultural Act of 2014 (7 U.S.C. 9081(b)) is amended—

(1) in paragraph (1)—

(A) by striking “or” at the end of subparagraph (A);

(B) in subparagraph (B), by striking “cold.” and inserting “cold, on the condition that in the case of the death loss of unweaned livestock due to that adverse weather, the Secretary may disregard any management practice, vaccination protocol, or lack of vaccination by the eligible producer on a farm; or”; and

(C) by adding at the end the following new subparagraph:

“(C) disease that, as determined by the Secretary—

“(i) is caused or transmitted by a vector; and

“(ii) is not susceptible to control by vaccination or acceptable management practices.”; and

(2) in paragraph (4), by striking “A payment” and inserting “PAYMENT REDUCTIONS.—A payment”.

(c) **EMERGENCY ASSISTANCE FOR LIVESTOCK, HONEY BEES, AND FARM-RAISED FISH.**—

(1) **IN GENERAL.**—Section 1501(d)(2) of the Agricultural Act of 2014 (7 U.S.C. 9081(d)(2)) is amended by inserting “, including inspections of cattle tick fever” before the period at the end.

(2) **EFFECTIVE DATE.**—The amendment made by paragraph (1) shall apply to inspections of cattle tick fever conducted on or after the date of enactment of this Act.

(d) **TREE ASSISTANCE PROGRAM.**—Section 1501(e) of the Agricultural Act of 2014 (7 U.S.C. 9081(e)) is amended—

(1) in paragraph (3), in the matter preceding subparagraph (A), by striking “paragraph (4)” and inserting “paragraphs (4) and (5)”; and

(2) by adding at the end the following:

“(5) **PAYMENT RATE FOR BEGINNING AND VETERAN PRODUCERS.**—Subject to paragraph (4), in the case of a beginning farmer or rancher or a veteran farmer or rancher (as those terms are defined in subsection (a) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279)) that is eligible to receive assistance under this subsection, the Secretary shall provide reimbursement of 75 percent of the costs under subparagraphs (A)(i) and (B) of paragraph (3).”.

(e) PAYMENT LIMITATION.—Section 1501(f)(2) of the Agricultural Act of 2014 (7 U.S.C. 9081(f)(2)) is amended by striking “this section (excluding payments received under subsections (b) and (e))” and inserting “subsection (c)”.

Subtitle F—Noninsured Crop Assistance

SEC. 1601. NONINSURED CROP ASSISTANCE PROGRAM.

Section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by adding at the end the following:

“(C) DATA COLLECTION AND SHARING.—The Secretary shall coordinate with the Administrator of the Risk Management Agency on the type and format of data received under the noninsured crop disaster assistance program that—

“(i) best facilitates the use of that data in developing policies or plans of insurance offered under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); and

“(ii) ensures the availability of that data on a regular basis.

“(D) COORDINATION.—The Secretary shall coordinate between the agencies of the Department that provide programs or services to farmers and ranchers that are potentially eligible for the noninsured crop disaster assistance program under this section—

“(i) to make available coverage under—

“(I) the fee waiver under subsection (k)(2); or

“(II) the premium discount under subsection

(l)(3); and

“(ii) to share eligibility information to reduce paperwork and avoid duplication.”;

(B) in paragraph (2), by striking subparagraph (A) and inserting the following:

“(A) IN GENERAL.—Subject to subparagraph (B), in this section, the term ‘eligible crop’ means each commercial crop or other agricultural commodity that is produced for food or fiber (except livestock) for which catastrophic risk protection under subsection (b) of section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) and additional coverage under subsections (c) and (h) of such section are not available or, if such coverage is available, it is only available under a policy that provides coverage for specific intervals based on weather indexes or under a whole farm plan of insurance.”; and

(C) in paragraph (4)(B)—

(i) by striking clause (i) and inserting the following:

“(i) IN GENERAL.—

“(I) AGRICULTURAL ACT OF 2014.—During the first 4 crop years of planting, as determined by the Secretary, native sod acreage that has been tilled for the production of an annual crop during the period beginning on February 8, 2014, and ending on the date of enactment of the Agriculture

Improvement Act of 2018 shall be subject to a reduction in benefits under this section as described in this subparagraph.

“(II) SUBSEQUENT YEARS.—Native sod acreage that has been tilled for the production of an eligible crop after the date of enactment of the Agriculture Improvement Act of 2018 shall be subject to a reduction in benefits under this section as described in this subparagraph for not more than any 4 crop years—

“(aa) during the first 10 crop years after the initial tillage; and

“(bb) during which a crop on that acreage is enrolled under subsection (l)(2) or (k).”; and

(ii) in clause (iii)(I), by striking “transitional yield of the producer” and inserting “county expected yield”;

(2) in subsection (b)—

(A) in paragraph (1), by striking “not later than 30 days” and inserting “by an appropriate deadline”; and

(B) by adding at the end the following:

“(4) STREAMLINED SUBMISSION PROCESS.—The Secretary shall establish a streamlined process for the submission of records and acreage reports under paragraphs (2) and (3) for diverse production systems such as those typical of urban production systems, other small-scale production systems, and direct-to-consumer production systems.”;

(3) in subsection (d)—

(A) by redesignating paragraphs (1), (2), and (3) as paragraphs (2), (3), and (4), respectively;

(B) by inserting before paragraph (2) (as so redesignated) the following:

“(1) the producer’s share of the total acres devoted to the eligible crop; by”; and

(C) in paragraph (2) (as so redesignated), by striking “established yield for the crop” and inserting “approved yield for the crop, as determined by the Secretary”;

(4) in subsection (e)—

(A) in paragraph (1), by striking “farm” and inserting “approved”;

(B) in paragraph (2)—

(i) in the second sentence—

(I) by inserting “approved” before “yield”; and

(II) by striking “Subject” and inserting the following:

“(B) CALCULATION.—Subject”; and

(ii) in the matter preceding subparagraph (B) (as so designated)—

(I) by striking “yield coverage” and inserting “an approved yield”; and

(II) by striking “The Secretary” and inserting the following:

“(A) IN GENERAL.—The Secretary”; and

(C) in paragraph (3), by striking “transitional yield of the producer” and inserting “county expected yield”;

(5) in subsection (i)(2), by striking “exceed \$125,000” and inserting the following: “exceed—

- “(A) in the case of catastrophic coverage under subsection (c), \$125,000; and
- “(B) in the case of additional coverage under subsection (1), \$300,000”;
- (6) in subsection (k)(1)—
- (A) in subparagraph (A), by striking “\$250” and inserting “\$325”; and
- (B) in subparagraph (B)—
- (i) by striking “\$750” and inserting “\$825”; and
- (ii) by striking “\$1,875” and inserting “\$1,950”;
- and
- (7) in subsection (l)—
- (A) in paragraph (1)—
- (i) by redesignating subparagraphs (A), (B), and (C) as subparagraphs (B), (C), and (D), respectively;
- (ii) by inserting before subparagraph (B) (as so redesignated) the following:
- “(A) the producer’s share of the total acres devoted to the crop;”;
- and
- (iii) in subparagraph (C) (as so redesignated), by inserting “, contract price, or other premium price (such as a local, organic, or direct market price, as elected by the producer)” after “price”;
- (B) in paragraph (2)(B)(i)—
- (i) in subclause (IV), by striking “and” at the end;
- (ii) in subclause (V), by striking “or” at the end and inserting “and”; and
- (iii) by adding at the end the following:
- “(VI) the producer’s share of the crop; or”;
- (C) by striking paragraphs (3) and (5); and
- (D) by redesignating paragraph (4) as paragraph (3).

Subtitle G—Administration

SEC. 1701. REGULATIONS.

Section 1601(c)(2) of the Agricultural Act of 2014 (7 U.S.C. 9091(c)(2)) is amended—

- (1) in the matter preceding subparagraph (A), by striking “title and sections 11003 and 11017” and inserting “title, sections 11003 and 11017, title I of the Agriculture Improvement Act of 2018 and the amendments made by that title, and section 10109 of that Act”;
- (2) in subparagraph (A), by adding “and” at the end;
- (3) in subparagraph (B), by striking “; and” and inserting a period; and
- (4) by striking subparagraph (C).

SEC. 1702. SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY.

Section 1602 of the Agricultural Act of 2014 (7 U.S.C. 9092) is amended by striking “2018” each place it appears and inserting “2023”.

SEC. 1703. PAYMENT LIMITATIONS.

(a) IN GENERAL.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended—

- (1) in subsection (a)—

(A) in paragraph (1), by striking “section 1001 of the Food, Conservation, and Energy Act of 2008” and inserting “section 1111 of the Agricultural Act of 2014 (7 U.S.C. 9011)”; and

(B) in paragraph (2), by inserting “first cousin, niece, nephew,” after “sibling,”;

(2) in subsections (b) and (c), by striking “and as marketing loan gains or loan deficiency payments under subtitle B of title I of the Agricultural Act of 2014” each place it appears and inserting “of the Agricultural Act of 2014 (7 U.S.C. 9016, 9017)”; and

(3) in subsection (f), by adding at the end the following:

“(9) ADMINISTRATION OF REDUCTION.—The Secretary shall apply any order described in section 1614(d)(1) of the Agricultural Act of 2014 (7 U.S.C. 9097(d)(1)) to payments under sections 1116 and 1117 of that Act (7 U.S.C. 9016, 9017) prior to applying payment limitations under this section.”

7 USC 1308 note.

(b) APPLICATION.—The amendments made by this section shall apply beginning with the 2019 crop year.

SEC. 1704. ADJUSTED GROSS INCOME LIMITATIONS.

(a) WAIVER.—Section 1001D(b) of the Food Security Act of 1985 (7 U.S.C. 1308–3a(b)) is amended—

(1) in paragraph (2)(C), by inserting “title II of the Agriculture Improvement Act of 2018,” after “under”; and

(2) by adding at the end the following:

“(3) WAIVER.—The Secretary may waive the limitation established by paragraph (1) with respect to a payment pursuant to a covered benefit described in paragraph (2)(C), on a case-by-case basis, if the Secretary determines that environmentally sensitive land of special significance would be protected as a result of such waiver.”

(b) CONFORMING AMENDMENT.—Section 1001D(b)(1) of the Food Security Act of 1985 (7 U.S.C. 1308–3a(b)(1)) is amended by inserting “subject to paragraph (3),” after “of law,”.

7 USC 1308–3a note.

(c) TRANSITION.—Section 1001D of the Food Security Act of 1985 (7 U.S.C. 1308–3a), as in effect on the day before the date of enactment of this Act, shall apply with respect to the 2018 crop, fiscal, or program year, as appropriate, for each program described in subsection (b)(2) of that section (as so in effect on that day).

7 USC 6932 note.

SEC. 1705. FARM SERVICE AGENCY ACCOUNTABILITY.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary shall establish policies, procedures, and plans to improve program accountability and integrity through targeted and coordinated activities, including utilizing data mining to identify and reduce errors, waste, fraud, and abuse in programs administered by the Farm Service Agency.

(b) REPORT.—Not later than 3 years after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the progress and results of the activities conducted under subsection (a).

SEC. 1706. IMPLEMENTATION.

(a) **MAINTENANCE OF BASE ACRES AND PAYMENT YIELDS.**—Section 1614(a) of the Agricultural Act of 2014 (7 U.S.C. 9097(a)) is amended by inserting “, and as adjusted pursuant to sections 1112 and 1113” before the period at the end.

(b) **STREAMLINING.**—Section 1614 of the Agricultural Act of 2014 (7 U.S.C. 9097) is amended by striking subsection (b) and inserting the following:

“(b) **STREAMLINING.**—In implementing this title and the amendments made by this title, the Secretary shall—

“(1) continue to reduce administrative burdens and costs to producers by streamlining and reducing paperwork, forms, and other administrative requirements, to ensure that—

“(A) a producer (or an agent of a producer) may report information, electronically (including geospatial data) or conventionally, to the Department of Agriculture, subject to the Secretary—

“(i) establishing reasonable levels of tolerance that reflect the differences in accuracy between measures of common land units and geospatial data; and

“(ii) ensuring that discrepancies that occur within the levels of tolerance established under clause (i) shall not be used to penalize a producer (or an agent of a producer) under any program administered by the Department of Agriculture;

“(B) on the request of a producer (or an agent of a producer), the Department of Agriculture electronically shares with the producer (or agent) in real time and without cost to the producer (or agent) the common land unit data, related farm level data, conservation practices, and other information of the producer through a single Department of Agriculture-wide login;

“(C) not later than September 30, 2020, the Administrator of the Risk Management Agency and the Administrator of the Farm Service Agency shall implement a consistent method for determining crop acreage, acreage yields, farm acreage, property descriptions, and other common informational requirements, including measures of common land units;

“(D) except in the case of misrepresentation, fraud, or scheme and device, no crop insurance agent, approved insurance provider, or employee or contractor of a crop insurance agency or approved insurance provider bears responsibility or liability under the Acreage Crop Reporting and Streamlining Initiative (or any successor or similar initiative) for the eligibility of a producer for a program administered by the Department of Agriculture, not including a policy or plan of insurance offered under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); and

“(E) on request of a crop insurance agent or approved insurance provider required to deliver policies and plans of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) the crop insurance agent or approved insurance provider receives, in a timely manner, any information held by the Farm Service Agency that is necessary to ensure effective crop insurance coverage for farmer customers;

“(2) continue to improve coordination, information sharing, and administrative work among the Farm Service Agency, Risk Management Agency, Natural Resources Conservation Service, and other agencies, as determined by the Secretary;

“(3) continue to take advantage of new technologies to enhance the efficiency and effectiveness of the delivery of Department of Agriculture programs to producers, including by developing and making publicly available data standards and security procedures to allow third-party providers to develop applications that use or feed data (including geospatial and precision agriculture data) into the datasets and analyses of the Department of Agriculture; and

“(4) reduce administrative burdens on producers participating in price loss coverage or agriculture risk coverage by offering—

“(A) those producers an option to remotely and electronically sign annual contracts for that coverage; and

“(B) to the maximum extent practicable, an option to sign a multiyear contract for that coverage.”.

(c) IMPLEMENTATION.—Section 1614(c) of the Agricultural Act of 2014 (7 U.S.C. 9097(c)) is amended by adding at the end the following:

“(4) AGRICULTURE IMPROVEMENT ACT OF 2018.—The Secretary shall make available to the Farm Service Agency to carry out title I of the Agriculture Improvement Act of 2018 and the amendments made by that title \$15,500,000.”.

(d) LOAN IMPLEMENTATION.—Section 1614(d)(1) of the Agricultural Act of 2014 (7 U.S.C. 9097(d)(1)) is amended by striking “under subtitles” and all that follows through “except” and inserting “under subtitle B or C, under the amendments made by subtitle B or C, or under the amendments made by subtitle B or C of the Agriculture Improvement Act of 2018, except”.

(e) DEOBLIGATION OF UNLIQUIDATED OBLIGATIONS.—Section 1614 of the Agricultural Act of 2014 (7 U.S.C. 9097) is amended by adding at the end the following:

“(e) DEOBLIGATION OF UNLIQUIDATED OBLIGATIONS.—

“(1) IN GENERAL.—Subject to paragraph (3), any payment obligated or otherwise made available by the Secretary under this title on or after the date of enactment of the Agriculture Improvement Act of 2018 that is not disbursed to the recipient by the date that is 5 years after the date on which the payment is obligated or otherwise made available shall—

“(A) be deobligated; and

“(B) revert to the Treasury.

“(2) OUTSTANDING PAYMENTS.—

“(A) IN GENERAL.—Subject to paragraph (3), any payment obligated or otherwise made available by the Farm Service Agency (or any predecessor agency of the Department of Agriculture) under the laws described in subparagraph (B) before the date of enactment of the Agriculture Improvement Act of 2018, that is not disbursed by the date that is 5 years after the date on which the payment is obligated or otherwise made available shall—

“(i) be deobligated; and

“(ii) revert to the Treasury.

“(B) LAWS DESCRIBED.—The laws referred to in subparagraph (A) are any of the following:

“(i) This title.

“(ii) Title I of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8702 et seq.).

“(iii) Title I of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7901 et seq.).

“(iv) The Agricultural Market Transition Act (7 U.S.C. 7201 et seq.).

“(v) Titles I through XI of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3374) and the amendments made by those titles.

“(vi) Titles I through X of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1362) and the amendments made by those titles.

“(vii) Titles I through XI of the Agriculture and Food Act of 1981 (Public Law 97–98; 95 Stat. 1218) and the amendments made by those titles.

“(viii) Titles I through X of the Food and Agriculture Act of 1977 (Public Law 95–113; 91 Stat. 917) and the amendments made by those titles.

“(3) WAIVER.—The Secretary may delay the date of the deobligation and reversion under paragraph (1) or (2) of any payment—

“(A) that is the subject of—

“(i) ongoing administrative review or appeal;

“(ii) litigation; or

“(iii) the settlement of an estate; or

“(B) for which the Secretary otherwise determines that the circumstances are such that the delay is equitable.”.

(f) REPORT.—Section 1614 of the Agricultural Act of 2014 (7 U.S.C. 9097) (as amended by subsection (e)) is amended by adding at the end the following:

“(f) REPORT.—Not later than January 1, 2020, and each January 1 thereafter through January 1, 2023, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the tilled native sod acreage that was subject to a reduction in benefits under section 196(a)(4)(B) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(a)(4)(B) and section 508(o)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(o)(2))—

“(1) as of the date of submission of the report; and

“(2) by State and county, relative to the total acres of cropland in the State or county.”.

SEC. 1707. EXEMPTION FROM CERTAIN REPORTING REQUIREMENTS FOR CERTAIN PRODUCERS.

31 USC 6101
note.

(a) DEFINITION OF EXEMPTED PRODUCER.—In this section, the term “exempted producer” means an individual or entity that is eligible to participate in—

(1) a conservation program under title II or a law amended by title II;

(2) an indemnity or disease control program under the Animal Health Protection Act (7 U.S.C. 8301 et seq.) or the Plant Protection Act (7 U.S.C. 7701 et seq.); or

(3) a commodity program under title I of the Agricultural Act of 2014 (7 U.S.C. 9011 et seq.), excluding the assistance

provided to users of cotton under sections 1207(c) and 1208 of that Act (7 U.S.C. 9037(c), 9038).

(b) EXEMPTION.—Notwithstanding the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109–282; 31 U.S.C. 6101 note), the requirements of parts 25 and 170 of title 2, Code of Federal Regulations (or successor regulations), shall not apply with respect to assistance received by an exempted producer from the Secretary, acting through the Chief of the Natural Resources Conservation Service, the Administrator of the Animal and Plant Health Inspection Service, or the Administrator of the Farm Service Agency.

TITLE II—CONSERVATION

Subtitle A—Wetland Conservation

SEC. 2101. WETLAND CONVERSION.

Section 1221(d) of the Food Security Act of 1985 (16 U.S.C. 3821(d)) is amended—

(1) by striking “Except as” and inserting the following:

“(1) IN GENERAL.—Except as”; and

(2) by adding at the end the following:

“(2) DUTY OF THE SECRETARY.—No person shall become ineligible under paragraph (1) if the Secretary determines that an exemption under section 1222(b) applies to that person.”.

SEC. 2102. WETLAND CONSERVATION.

Section 1222(c) of the Food Security Act of 1985 (16 U.S.C. 3822(c)) is amended—

(1) by striking “No program” and inserting the following:

“(1) IN GENERAL.—No program”;

(2) in paragraph (1) (as so designated), by inserting “, which, except as provided in paragraph (2), shall be conducted in the presence of the affected person” before the period at the end; and

(3) by adding at the end the following:

“(2) EXCEPTION.—The Secretary may conduct an on-site visit under paragraph (1) without the affected person present if the Secretary has made a reasonable effort to include the presence of the affected person at the on-site visit.”.

SEC. 2103. MITIGATION BANKING.

Section 1222(k)(1)(B) of the Food Security Act of 1985 (16 U.S.C. 3822(k)(1)(B)) is amended to read as follows:

“(B) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this paragraph \$5,000,000 for each of fiscal years 2019 through 2023.”.

Subtitle B—Conservation Reserve Program

SEC. 2201. CONSERVATION RESERVE.

(a) IN GENERAL.—Section 1231(a) of the Food Security Act of 1985 (16 U.S.C. 3831(a)) is amended by striking “2018” and inserting “2023”.

(b) ELIGIBLE LAND.—Section 1231(b) of the Food Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

(1) in paragraph (1)(B), by striking “Agricultural Act of 2014 (except for land enrolled in the conservation reserve program as of that date)” and inserting “Agriculture Improvement Act of 2018, on the condition that the Secretary shall consider to be planted cropland enrolled in the conservation reserve program”;

(2) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively;

(3) by inserting after paragraph (3) the following:

“(4) cropland, marginal pasture land, and grasslands that will have a positive impact on water quality and will be devoted to—

“(A) a grass sod waterway;

“(B) a contour grass sod strip;

“(C) a prairie strip;

“(D) a filterstrip;

“(E) a riparian buffer;

“(F) a wetland or a wetland buffer;

“(G) a saturated buffer;

“(H) a bioreactor; or

“(I) another similar water quality practice, as determined by the Secretary.”;

(4) in paragraph (5) (as so redesignated)—

(A) in subparagraph (C), by striking “or filterstrips or riparian buffers devoted to trees, shrubs, or grasses” and inserting “salt tolerant vegetation, field borders, or practices to benefit State or federally identified wellhead protection areas”; and

(B) in subparagraph (E), by striking “or” after the semicolon;

(5) in paragraph (6) (as so redesignated), in subparagraph (B)(ii), by striking the period at the end and inserting “; or”; and

(6) by adding at the end the following:

“(7) as determined by the Secretary, land—

“(A) that was enrolled in the conservation reserve program under a 15-year contract that expired on September 30, 2017, or September 30, 2018;

“(B) for which there was no opportunity for additional enrollment in that program; and

“(C) on which the conservation practice under the expired contract under subparagraph (A) is maintained.”.

(c) ENROLLMENT.—Section 1231(d) of the Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended—

(1) in paragraph (1), by striking subparagraphs (A) through (E) and inserting the following:

“(A) fiscal year 2019, not more than 24,000,000 acres;

“(B) fiscal year 2020, not more than 24,500,000 acres;

“(C) fiscal year 2021, not more than 25,000,000 acres;

“(D) fiscal year 2022, not more than 25,500,000 acres;

and

“(E) fiscal year 2023, not more than 27,000,000 acres.”;

(2) in paragraph (2)—

(A) by striking subparagraphs (A) and (B) and inserting the following:

“(A) LIMITATION.—For purposes of applying the limitations in paragraph (1)—

“(i) the Secretary shall enroll and maintain in the conservation reserve not fewer than 2,000,000 acres of the land described in subsection (b)(3) by September 30, 2023; and

“(ii) in carrying out clause (i), to the maximum extent practicable, the Secretary shall maintain in the conservation reserve at any one time during—

“(I) fiscal year 2019, 1,000,000 acres;

“(II) fiscal year 2020, 1,500,000 acres; and

“(III) fiscal years 2021 through 2023, 2,000,000 acres.

“(B) PRIORITY.—In enrolling acres under subparagraph (A), the Secretary may give priority to land, as determined by the Secretary—

“(i) with expiring conservation reserve contracts;

“(ii) at risk of conversion or development; or

“(iii) of ecological significance, including land that—

“(I) may assist in the restoration of threatened or endangered species under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.);

“(II) may assist in preventing a species from being listed as a threatened or endangered species under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.); or

“(III) improves or creates wildlife habitat corridors.”;

(B) in subparagraph (C)—

(i) by striking “In enrolling” and inserting the following:

“(i) IN GENERAL.—In enrolling”;

(ii) in clause (i) (as so designated), by striking “a continuous” and inserting “an annual”; and

(iii) by adding at the end the following:

“(ii) TIMING OF GRASSLAND RANKING PERIOD.—For purposes of grasslands described in subsection (b)(3), the Secretary shall announce at least 1 ranking period subsequent to the announcement of general enrollment offers.”; and

(C) by adding at the end the following:

“(D) RESERVATION OF UNENROLLED ACRES.—If the Secretary is unable in a fiscal year to enroll enough acres of land described in subsection (b)(3) to meet the number of acres described in clause (ii) or (iii) of subparagraph (A) for the fiscal year—

“(i) the Secretary shall reserve the remaining number of acres for that fiscal year for the enrollment of land described in subsection (b)(3); and

“(ii) that number of acres shall not be available for the enrollment of any other type of eligible land.”; and

(3) by adding at the end the following:

“(3) WATER QUALITY PRACTICES TO FOSTER CLEAN LAKES, ESTUARIES, AND RIVERS (CLEAR INITIATIVE).—

“(A) IN GENERAL.—The Secretary shall give priority within continuous enrollment under paragraph (6) to the enrollment of land described in subsection (b)(4).

“(B) SEDIMENT AND NUTRIENT LOADINGS.—In carrying out subparagraph (A), the Secretary shall give priority to the implementation of practices on land that, if enrolled, will help reduce sediment loadings, nutrient loadings, and harmful algal blooms, as determined by the Secretary.

“(C) ACREAGE.—

“(i) IN GENERAL.—Of the acres maintained in the conservation reserve in accordance with paragraph (1), to the maximum extent practicable, not less than 40 percent of acres enrolled in the conservation reserve using continuous enrollment under paragraph (6) shall be of land described in subsection (b)(4).

“(ii) LIMITATION.—The acres described in clause (i) shall not include grasslands described in subsection (b)(3).

“(D) REPORT.—The Secretary shall—

“(i) in the monthly publication of the Secretary describing conservation reserve program statistics, include a description of enrollments through the priority under this paragraph; and

“(ii) publish on the website of the Farm Service Agency an annual report describing a summary of, with respect to the enrollment priority under this paragraph—

“(I) new enrollments;

“(II) expirations;

“(III) geographic distribution; and

“(IV) estimated water quality benefits.

“(4) STATE ENROLLMENT RATES.—At the beginning of each of fiscal years 2019 through 2023, to the maximum extent practicable, the Secretary shall allocate to the States proportionately 60 percent of the available number of acres each year for enrollment in the conservation reserve, in accordance with historical State enrollment rates, taking into consideration—

“(A) the average number of acres of all land enrolled in the conservation reserve in each State during each of fiscal years 2007 through 2016;

“(B) the average number of acres of all land enrolled in the conservation reserve nationally during each of fiscal years 2007 through 2016; and

“(C) the acres available for enrollment during each of fiscal years 2019 through 2023, excluding acres described in paragraph (2).

“(5) FREQUENCY.—In carrying out this subchapter, for contracts that are not available on a continuous enrollment basis, the Secretary shall hold a signup and enrollment not less often than once each year.

“(6) CONTINUOUS ENROLLMENT PROCEDURE.—

“(A) IN GENERAL.—To the maximum extent practicable, the Secretary shall allow producers to submit applications on a continuous basis for enrollment in—

“(i) the conservation reserve of—

“(I) marginal pasture land described in subsection (b)(2);

“(II) land described in subsection (b)(4); and

“(III) cropland described in subsection (b)(5);

and

“(ii) the conservation reserve enhancement program under section 1231A.

“(B) LIMITATION.—For purposes of applying the limitations in paragraph (1)—

“(i) the Secretary shall, to the maximum extent practicable, enroll and maintain not fewer than 8,600,000 acres of land under subparagraph (A) by September 30, 2023; and

“(ii) in carrying out clause (i), to the maximum extent practicable, the Secretary shall maintain in the conservation reserve at any one time during—

“(I) fiscal year 2019, 8,000,000 acres;

“(II) fiscal year 2020, 8,250,000 acres;

“(III) fiscal year 2021, 8,500,000 acres; and

“(IV) fiscal years 2022 and 2023, 8,600,000 acres.”.

(d) ELIGIBILITY FOR CONSIDERATION.—Section 1231(h) of the Food Security Act of 1985 (16 U.S.C. 3831(h)) is amended—

(1) by striking “On the expiration” and inserting the following:

“(1) IN GENERAL.—On the expiration”; and

(2) by adding at the end the following:

“(2) REENROLLMENT LIMITATION FOR CERTAIN LAND.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), land subject to a contract entered into under this subchapter shall be eligible for only one reenrollment in the conservation reserve under paragraph (1) if the land is devoted to hardwood trees.

“(B) EXCLUSIONS.—Subparagraph (A) shall not apply to—

“(i) riparian forested buffers;

“(ii) forested wetlands enrolled under subsection

(d)(3) or the conservation reserve enhancement program under section 1231A; and

“(iii) shelterbelts.”.

SEC. 2202. CONSERVATION RESERVE ENHANCEMENT PROGRAM.

(a) IN GENERAL.—Subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 is amended by inserting after section 1231 (16 U.S.C. 3831) the following:

16 USC 3831a.

“SEC. 1231A. CONSERVATION RESERVE ENHANCEMENT PROGRAM.

“(a) DEFINITIONS.—In this section:

“(1) CREP.—The term ‘CREP’ means a conservation reserve enhancement program carried out under subsection (b)(1).

“(2) ELIGIBLE LAND.—The term ‘eligible land’ means land that is eligible to be included in the program established under this subchapter.

“(3) ELIGIBLE PARTNER.—The term ‘eligible partner’ means—

“(A) a State;

“(B) a political subdivision of a State;

“(C) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304)); or

“(D) a nongovernmental organization.

“(4) MANAGEMENT.—The term ‘management’ means an activity conducted by an owner or operator under a contract entered into under this subchapter after the establishment of a conservation practice on eligible land, to regularly maintain or enhance the vegetative cover established by the conservation practice—

“(A) throughout the term of the contract; and

“(B) consistent with the conservation plan that covers the eligible land.

“(b) AGREEMENTS.—

“(1) IN GENERAL.—The Secretary may enter into an agreement with an eligible partner to carry out a conservation reserve enhancement program—

“(A) to assist in enrolling eligible land in the program established under this subchapter; and

“(B) that the Secretary determines will advance the purposes of this subchapter.

“(2) CONTENTS.—An agreement entered into under paragraph (1) shall—

“(A) describe—

“(i) 1 or more specific State or nationally significant conservation concerns to be addressed by the agreement;

“(ii) quantifiable environmental goals for addressing the concerns under clause (i);

“(iii) a suitable acreage goal for enrollment of eligible land under the agreement, as determined by the Secretary;

“(iv) the location of eligible land to be enrolled in the project area identified under the agreement;

“(v) the payments to be offered by the Secretary and eligible partner to an owner or operator; and

“(vi) an appropriate list of conservation reserve program conservation practices that are appropriate to meeting the concerns described under clause (i), as determined by the Secretary in consultation with eligible partners;

“(B) subject to subparagraph (C), require the eligible partner to provide matching funds—

“(i) in an amount determined during a negotiation between the Secretary and 1 or more eligible partners, if the majority of the matching funds to carry out the agreement are provided by 1 or more eligible partners that are not nongovernmental organizations; or

“(ii) in an amount not less than 30 percent of the cost required to carry out the conservation measures and practices described in the agreement, if a majority of the matching funds to carry out the agreement are provided by 1 or more nongovernmental organizations; and

“(C) include procedures to allow for a temporary waiver of the matching requirements under subparagraph (B), or

continued enrollment with a temporary suspension of incentives or eligible partner contributions for new agreements, during a period when an eligible partner loses the authority or ability to provide matching contributions, if the Secretary determines that the temporary waiver or continued enrollment with a temporary suspension will advance the purposes of this subchapter.

“(3) EFFECT ON EXISTING AGREEMENTS.—

“(A) IN GENERAL.—Subject to subparagraph (B), an agreement under this subsection shall not affect, modify, or interfere with existing agreements under this subchapter.

“(B) MODIFICATION OF EXISTING AGREEMENTS.—To implement this section, the signatories to an agreement under this subsection may mutually agree to a modification of an agreement entered into before the date of enactment of this section under the Conservation Reserve Enhancement Program established by the Secretary under this subchapter.

“(c) PAYMENTS.—

“(1) MATCHING REQUIREMENT.—Funds provided by an eligible partner may be in cash, in-kind contributions, or technical assistance, as determined by the Secretary.

“(2) MARGINAL PASTURELAND COST-SHARE PAYMENTS.—The Secretary shall ensure that cost-share payments to an owner or operator to install stream fencing, crossings, and alternative water development on marginal pastureland under a CREP reflect the fair market value of the cost of installation.

“(3) COST-SHARE AND PRACTICE INCENTIVE PAYMENTS.—

“(A) IN GENERAL.—On request of an owner or operator, the Secretary shall provide cost-share payments when a major component of a conservation practice is completed under a CREP, as determined by the Secretary.

“(B) EXEMPTION.—For purposes of implementing conservation practices on land enrolled under a CREP, the Secretary may waive the contribution limitation described in section 1234(b)(2)(A).

“(4) RIPARIAN BUFFER MANAGEMENT PAYMENTS.—

“(A) IN GENERAL.—In the case of an agreement under subsection (b)(1) that includes riparian buffers as an eligible practice, the Secretary shall make cost-share payments to encourage the regular management of the riparian buffer throughout the term of the agreement, consistent with the conservation plan that covers the eligible land.

“(B) LIMITATION.—The amount of payments received by an owner or operator under subparagraph (A) shall not be greater than 100 percent of the normal and customary projected management cost, as determined by the Secretary, in consultation with the applicable State technical committee established under section 1261(a).

“(d) FORESTED RIPARIAN BUFFER PRACTICE.—

“(1) FOOD-PRODUCING WOODY PLANTS.—In the case of an agreement under subsection (b)(1) that includes forested riparian buffers as an eligible practice, the Secretary shall allow an owner or operator—

“(A) to plant food-producing woody plants in the forested riparian buffers, on the conditions that—

“(i) the plants shall contribute to the conservation of soil, water quality, and wildlife habitat; and

“(ii) the planting shall be consistent with—

“(I) recommendations of the applicable State technical committee established under section 1261(a); and

“(II) technical guide standards of the applicable field office of the Natural Resources Conservation Service; and

“(B) to harvest from plants described in subparagraph (A), on the conditions that—

“(i) the harvesting shall not damage the conserving cover or otherwise have a negative impact on the conservation concerns targeted by the CREP;

“(ii) only native plant species appropriate to the region shall be used within 35 feet of the watercourse; and

“(iii) the producer shall be subject to a reduction in the rental rate commensurate to the value of the crop harvested.

“(2) TECHNICAL ASSISTANCE.—For the purpose of enrolling forested riparian buffers in a CREP, the Administrator of the Farm Service Agency shall coordinate with the applicable State forestry agency.

“(e) DROUGHT AND WATER CONSERVATION AGREEMENTS.—In the case of an agreement under subsection (b)(1) to address regional drought concerns, in accordance with the conservation purposes of the CREP, the Secretary, in consultation with the applicable State technical committee established under section 1261(a), may—

“(1) notwithstanding subsection (a)(2), enroll other agricultural land on which the resource concerns identified in the agreement can be addressed if the enrollment of the land is critical to the accomplishment of the purposes of the agreement;

“(2) permit dryland agricultural uses with the adoption of best management practices on enrolled land if the agreement involves the significant long-term reduction of consumptive water use and dryland production is compatible with the agreement; and

“(3) calculate annual rental payments consistent with existing administrative practice for similar drought and water conservation agreements under this subtitle and ensure regional consistency in those rates.

“(f) STATUS REPORT.—Not later than 180 days after the end of each fiscal year, the Secretary shall submit to Congress a report that describes, with respect to each agreement entered into under subsection (b)(1)—

“(1) the status of the agreement;

“(2) the purposes and objectives of the agreement;

“(3) the Federal and eligible partner commitments made under the agreement; and

“(4) the progress made in fulfilling those commitments.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 1240R(c)(3) of the Food Security Act of 1985 (16 U.S.C. 3839bb-5(c)(3)) is amended by striking “a special conservation reserve enhancement program described in section 1234(f)(4)” and inserting “a conservation reserve enhancement program under section 1231A”.

(2) Section 1244(f)(3) of the Food Security Act of 1985 (16 U.S.C. 3844(f)(3)) is amended by striking “subsection (d)(2)(A)(ii) or (g)(2) of section 1234” and inserting “section 1231A”.

SEC. 2203. FARMABLE WETLAND PROGRAM.

Section 1231B of the Food Security Act of 1985 (16 U.S.C. 3831b) is amended—

(1) in subsection (a)(1), by striking “2018” and inserting “2023”; and

(2) in subsection (f)(2), by striking “1234(d)(2)(A)(ii)” and inserting “1234(d)”.

SEC. 2204. PILOT PROGRAMS.

Subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 is amended by inserting after section 1231B (16 U.S.C. 3831b) the following:

16 USC 3831c.

“SEC. 1231C. PILOT PROGRAMS.

“(a) CLEAR 30.—

“(1) IN GENERAL.—

“(A) ENROLLMENT.—The Secretary shall establish a pilot program to enroll land in the conservation reserve program through a 30-year conservation reserve contract (referred to in this subsection as a ‘CLEAR 30 contract’) in accordance with this subsection.

“(B) INCLUSION OF ACREAGE LIMITATION.—For purposes of applying the limitations in section 1231(d)(1), the Secretary shall include acres of land enrolled under this subsection.

“(2) EXPIRED CONSERVATION CONTRACT ELECTION.—

“(A) DEFINITION OF COVERED CONTRACT.—In this paragraph, the term ‘covered contract’ means a contract entered into under this subchapter that—

“(i) expires on or after the date of enactment of the Agriculture Improvement Act of 2018; and

“(ii) covers land enrolled in the conservation reserve program under the clean lakes, estuaries, and rivers priority described in section 1231(d)(3) (or the predecessor practices that constitute the priority, as determined by the Secretary).

“(B) ELECTION.—On the expiration of a covered contract, an owner or operator party to the covered contract shall elect—

“(i) not to reenroll the land under the contract;

“(ii) to offer to reenroll the land under the contract if the land remains eligible under the terms in effect as of the date of expiration; or

“(iii) not to reenroll the land under the contract and to enroll that land through a CLEAR 30 contract under this subsection.

“(3) ELIGIBLE LAND.—Only land that is subject to an expired covered contract shall be eligible for enrollment through a CLEAR 30 contract under this subsection.

“(4) TERM.—The term of a CLEAR 30 contract shall be 30 years.

“(5) AGREEMENTS.—To be eligible to enroll land in the conservation reserve program through a CLEAR 30 contract,

the owner of the land shall enter into an agreement with the Secretary—

“(A) to implement a conservation reserve plan developed for the land;

“(B) to comply with the terms and conditions of the contract and any related agreements; and

“(C) to temporarily suspend the base history for the land covered by the contract.

“(6) TERMS AND CONDITIONS OF CLEAR 30 CONTRACTS.—

“(A) IN GENERAL.—A CLEAR 30 contract shall include terms and conditions that—

“(i) permit—

“(I) repairs, improvements, and inspections on the land that are necessary to maintain existing public drainage systems; and

“(II) owners to control public access on the land while identifying access routes to be used for restoration activities and management and contract monitoring;

“(ii) prohibit—

“(I) the alteration of wildlife habitat and other natural features of the land, unless specifically authorized by the Secretary as part of the conservation reserve plan;

“(II) the spraying of the land with chemicals or the mowing of the land, except where the spraying or mowing is authorized by the Secretary or is necessary—

“(aa) to comply with Federal or State noxious weed control laws;

“(bb) to comply with a Federal or State emergency pest treatment program; or

“(cc) to meet habitat needs of specific wildlife species;

“(III) any activity to be carried out on the land of the owner or successor that is immediately adjacent to, and functionally related to, the land that is subject to the contract if the activity will alter, degrade, or otherwise diminish the functional value of the land; and

“(IV) the adoption of any other practice that would tend to defeat the purposes of the conservation reserve program, as determined by the Secretary; and

“(iii) include any additional provision that the Secretary determines is appropriate to carry out this section or facilitate the practical administration of this section.

“(B) VIOLATION.—On the violation of a term or condition of a CLEAR 30 contract, the Secretary may require the owner to refund all or part of any payments received by the owner under the conservation reserve program, with interest on the payments, as determined appropriate by the Secretary.

“(C) COMPATIBLE USES.—Land subject to a CLEAR 30 contract may be used for compatible economic uses,

including hunting and fishing, managed timber harvest, or periodic haying or grazing, if the use—

“(i) is specifically permitted by the conservation reserve plan developed for the land; and

“(ii) is consistent with the long-term protection and enhancement of the conservation resources for which the contract was established.

“(7) COMPENSATION.—

“(A) AMOUNT OF PAYMENTS.—The Secretary shall provide payment under this subsection to an owner of land enrolled through a CLEAR 30 contract using 30 annual payments in an amount equal to the amount that would be used if the land were to be enrolled in the conservation reserve program under section 1231(d)(3).

“(B) FORM OF PAYMENT.—Compensation for a CLEAR 30 contract shall be provided by the Secretary in the form of a cash payment in an amount determined under subparagraph (A).

“(C) TIMING.—The Secretary shall provide any annual payment obligation under subparagraph (A) as early as practicable in each fiscal year.

“(D) PAYMENTS TO OTHERS.—The Secretary shall make a payment, in accordance with regulations prescribed by the Secretary, in a manner as the Secretary determines is fair and reasonable under the circumstances, if an owner who is entitled to a payment under this section—

“(i) dies;

“(ii) becomes incompetent;

“(iii) is succeeded by another person or entity who renders or completes the required performance; or

“(iv) is otherwise unable to receive the payment.

“(8) TECHNICAL ASSISTANCE.—

“(A) IN GENERAL.—The Secretary shall assist owners in complying with the terms and conditions of a CLEAR 30 contract.

“(B) CONTRACTS OR AGREEMENTS.—The Secretary may enter into 1 or more contracts with private entities or agreements with a State, nongovernmental organization, or Indian Tribe to carry out necessary maintenance of a CLEAR 30 contract if the Secretary determines that the contract or agreement will advance the purposes of the conservation reserve program.

“(9) ADMINISTRATION.—

“(A) CONSERVATION RESERVE PLAN.—The Secretary shall develop a conservation reserve plan for any land subject to a CLEAR 30 contract, which shall include practices and activities necessary to maintain, protect, and enhance the conservation value of the enrolled land.

“(B) DELEGATION OF CONTRACT ADMINISTRATION.—

“(i) FEDERAL, STATE, OR LOCAL GOVERNMENT AGENCIES.—The Secretary may delegate any of the management, monitoring, and enforcement responsibilities of the Secretary under this subsection to other Federal, State, or local government agencies that have the appropriate authority, expertise, and resources necessary to carry out those delegated responsibilities.

- “(ii) CONSERVATION ORGANIZATIONS.—The Secretary may delegate any management responsibilities of the Secretary under this subsection to conservation organizations if the Secretary determines the conservation organization has similar expertise and resources.
- “(b) SOIL HEALTH AND INCOME PROTECTION PILOT PROGRAM.—
- “(1) DEFINITION OF ELIGIBLE LAND.—In this subsection:
- “(A) IN GENERAL.—The term ‘eligible land’ means cropland that—
- “(i) is selected by the owner or operator of the land for proposed enrollment in the pilot program under this subsection; and
- “(ii) as determined by the Secretary—
- “(I) is located within 1 or more States that are part of the prairie pothole region, as selected by the Secretary based on consultation with State Committees of the Farm Service Agency and State technical committees established under section 1261(a) from that region;
- “(II) had a cropping history or was considered to be planted during each of the 3 crop years preceding enrollment; and
- “(III) is verified to be less-productive land, as compared to other land on the applicable farm.
- “(B) EXCLUSION.—The term ‘eligible land’ does not include any land that was enrolled in a conservation reserve program contract in any of the 3 crop years preceding enrollment in the pilot program under this subsection.
- “(2) ESTABLISHMENT.—
- “(A) IN GENERAL.—The Secretary shall establish a voluntary soil health and income protection pilot program under which eligible land is enrolled through the use of contracts to assist owners and operators of eligible land to conserve and improve the soil, water, and wildlife resources of the eligible land.
- “(B) DEADLINE FOR PARTICIPATION.—Eligible land may be enrolled in the program under this section through December 31, 2020.
- “(3) CONTRACTS.—
- “(A) REQUIREMENTS.—A contract described in paragraph (2) shall—
- “(i) be entered into by the Secretary, the owner of the eligible land, and (if applicable) the operator of the eligible land; and
- “(ii) provide that, during the term of the contract—
- “(I) the lowest practicable cost perennial conserving use cover crop for the eligible land, as determined by the applicable State conservationist after considering the advice of the applicable State technical committee, shall be planted on the eligible land;
- “(II) except as provided in subparagraph (E), the owner or operator of the eligible land shall pay the cost of planting the conserving use cover crop under subclause (I);

“(III) subject to subparagraph (F), the eligible land may be harvested for seed, hayed, or grazed outside the primary nesting season established for the applicable county;

“(IV) the eligible land may be eligible for a walk-in access program of the applicable State, if any; and

“(V) a nonprofit wildlife organization may provide to the owner or operator of the eligible land a payment in exchange for an agreement by the owner or operator not to harvest the conserving use cover.

“(B) PAYMENTS.—Except as provided in subparagraphs (E) and (F)(ii)(II), the annual rental rate for a payment under a contract described in paragraph (2) shall be equal to 50 percent of the average rental rate for the applicable county under section 1234(d), as determined by the Secretary.

“(C) LIMITATION ON ENROLLED LAND.—Not more than 15 percent of the eligible land on a farm may be enrolled in the pilot program under this subsection.

“(D) TERM.—

“(i) IN GENERAL.—Except as provided in clause (ii), each contract described in paragraph (2) shall be for a term of 3, 4, or 5 years, as determined by the parties to the contract.

“(ii) EARLY TERMINATION.—

“(I) SECRETARY.—The Secretary may terminate a contract described in paragraph (2) before the end of the term described in clause (i) if the Secretary determines that the early termination of the contract is necessary.

“(II) OWNERS AND OPERATORS.—An owner and (if applicable) an operator of eligible land enrolled in the pilot program under this subsection may terminate a contract described in paragraph (2) before the end of the term described in clause (i) if the owner and (if applicable) the operator pay to the Secretary an amount equal to the amount of rental payments received under the contract.

“(E) BEGINNING, LIMITED RESOURCE, SOCIALLY DISADVANTAGED, OR VETERAN FARMERS AND RANCHERS.—With respect to a beginning, limited resource, socially disadvantaged, or veteran farmer or rancher, as determined by the Secretary—

“(i) a contract described in paragraph (2) shall provide that, during the term of the contract, of the actual cost of establishment of the conserving use cover crop under subparagraph (A)(ii)(I)—

“(I) using the funds of the Commodity Credit Corporation, the Secretary shall pay 50 percent; and

“(II) the beginning, limited resource, socially disadvantaged, or veteran farmer or rancher shall pay 50 percent; and

“(ii) the annual rental rate for a payment under a contract described in paragraph (2) shall be equal to 75 percent of the average rental rate for the applicable county under section 1234(d), as determined by the Secretary.

“(F) HARVESTING, HAYING, AND GRAZING OUTSIDE APPLICABLE PERIOD.—The harvesting for seed, haying, or grazing of eligible land under subparagraph (A)(ii)(III) outside of the primary nesting season established for the applicable county shall be subject to the conditions that—

“(i) with respect to eligible land that is so hayed or grazed, adequate stubble height shall be maintained to protect the soil on the eligible land, as determined by the applicable State conservationist after considering the advice of the applicable State technical committee; and

“(ii) with respect to eligible land that is so harvested for seed—

“(I) the eligible land shall not be eligible to be insured or reinsured under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); and

“(II) the rental payment otherwise applicable to the eligible land under this subsection shall be reduced by 25 percent.

“(4) ACREAGE LIMITATION.—Of the number of acres available for enrollment in the conservation reserve under section 1231(d)(1), not more than 50,000 total acres of eligible land may be enrolled under the pilot program under this subsection.

“(5) REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report describing the eligible land enrolled in the pilot program under this subsection, including—

“(A) the estimated conservation value of the land; and

“(B) estimated savings from reduced commodity payments, crop insurance indemnities, and crop insurance premium subsidies.”.

SEC. 2205. DUTIES OF OWNERS AND OPERATORS.

Section 1232(a) of the Food Security Act of 1985 (16 U.S.C. 3832(a)) is amended—

(1) by redesignating paragraphs (10) and (11) as paragraphs (11) and (12), respectively; and

(2) by inserting after paragraph (9) the following:

“(10) on land devoted to hardwood or other trees, excluding windbreaks and shelterbelts, to carry out proper thinning and other practices—

“(A) to enhance the conservation benefits and wildlife habitat resources addressed by the conservation practice under which the land is enrolled; and

“(B) to promote forest management;”.

SEC. 2206. DUTIES OF THE SECRETARY.

(a) COST-SHARE AND RENTAL PAYMENTS.—Section 1233(a) of the Food Security Act of 1985 (16 U.S.C. 3833(a)) is amended—

(1) in paragraph (1), by inserting “, including the cost of fencing and other water distribution practices, if applicable” after “interest”; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking “in an amount necessary to compensate” and inserting “, in accordance with section 1234(d),”;

(B) in subparagraph (A)—

(i) by inserting “, marginal pastureland,” after “cropland”; and

(ii) by adding “or” at the end;

(C) by striking subparagraph (B); and

(D) by redesignating subparagraph (C) as subparagraph (B).

(b) SPECIFIED ACTIVITIES PERMITTED.—Section 1233 of the Food Security Act of 1985 (16 U.S.C. 3833) is amended by striking subsection (b) and inserting the following:

“(b) SPECIFIED ACTIVITIES PERMITTED.—

“(1) IN GENERAL.—The Secretary, in coordination with the applicable State technical committee established under section 1261(a), shall permit certain activities or commercial uses of established cover on land that is subject to a contract under the conservation reserve program if—

“(A) those activities or uses—

“(i) are consistent with the conservation of soil, water quality, and wildlife habitat;

“(ii) are subject to appropriate restrictions during the primary nesting season for birds in the local area that are economically significant, in significant decline, or conserved in accordance with Federal or State law;

“(iii) contribute to the health and vigor of the established cover; and

“(iv) are consistent with a site-specific plan, including vegetative management requirements, stocking rates, and frequency and duration of activity, taking into consideration regional differences, such as climate, soil type, and natural resources; and

“(B) the Secretary, in coordination with the State technical committee, includes contract modifications—

“(i) without any reduction in the rental rate for—

“(I) emergency haying, emergency grazing, or other emergency use of the forage in response to a localized or regional drought, flooding, wildfire, or other emergency, on all practices, outside the primary nesting season, when—

“(aa) the county is designated as D2 (severe drought) or greater according to the United States Drought Monitor;

“(bb) there is at least a 40 percent loss in forage production in the county; or

“(cc) the Secretary, in coordination with the State technical committee, determines that the program can assist in the response to a natural disaster event without permanent damage to the established cover;

“(II) emergency grazing on all practices during the primary nesting season if payments are authorized for a county under the livestock forage disaster program under clause (ii) of section 1501(c)(3)(D) of the Agricultural Act of 2014 (7

U.S.C. 9081(c)(3)(D)), at 50 percent of the normal carrying capacity determined under clause (i) of that section, adjusted to the site-specific plan;

“(III) emergency haying on certain practices, outside the primary nesting season, if payments are authorized for a county under the livestock forage disaster program under clause (ii) of section 1501(c)(3)(D) of the Agricultural Act of 2014 (7 U.S.C. 9081(c)(3)(D)), on not more than 50 percent of contract acres, as identified in the site-specific plan;

“(IV) grazing of all practices, outside the primary nesting season, if included as a mid-contract management practice under section 1232(a)(5);

“(V) the intermittent and seasonal use of vegetative buffer established under paragraphs (4) and (5) of section 1231(b) that are incidental to agricultural production on land adjacent to the buffer such that the permitted use—

“(aa) does not destroy the permanent vegetative cover; and

“(bb) retains suitable vegetative structure for wildlife cover and shelter outside the primary nesting season; or

“(VI) grazing on all practices, outside the primary nesting season, if conducted by a beginning farmer or rancher; or

“(ii) with a 25 percent reduction in the annual rental rate for the acres covered by the authorized activity, including—

“(I) grazing not more frequently than every other year on the same land, except that during the primary nesting season, grazing shall be subject to a 50 percent reduction in the stocking rate specified in the site-specific plan;

“(II) grazing of all practices during the primary nesting season, with a 50 percent reduction in the stocking rate specified in the site-specific plan;

“(III) haying and other commercial use (including the managed harvesting of biomass and excluding the harvesting of vegetative cover), on the condition that the activity—

“(aa) is completed outside the primary nesting season;

“(bb) occurs not more than once every 3 years; and

“(cc) maintains 25 percent of the total contract acres unharvested, in accordance with a site-specific plan that provides for wildlife cover and shelter;

“(IV) annual grazing outside the primary nesting season if consistent with a site-specific plan that is authorized for the control of invasive species; and

“(V) the installation of wind turbines and associated access, except that in permitting the installation of wind turbines, the Secretary shall

determine the number and location of wind turbines that may be installed, taking into account—

“(aa) the location, size, and other physical characteristics of the land;

“(bb) the extent to which the land contains threatened or endangered wildlife and wildlife habitat; and

“(cc) the purposes of the conservation reserve program under this subchapter.

“(2) CONDITIONS ON HAYING AND GRAZING.—

“(A) IN GENERAL.—The Secretary may permit haying or grazing in accordance with paragraph (1) on any land or practice subject to a contract under the conservation reserve program.

“(B) EXCEPTIONS.—

“(i) DAMAGE TO VEGETATIVE COVER.—Haying or grazing described in paragraph (1) shall not be permitted on land subject to a contract under the conservation reserve program, or under a particular practice, if haying or grazing for that year under that practice, as applicable, would cause long-term damage to vegetative cover on that land.

“(ii) SPECIAL AGREEMENTS.—

“(I) IN GENERAL.—Except as provided in subclause (II), haying or grazing described in paragraph (1) shall not be permitted on—

“(aa) land covered by a contract enrolled under the State acres for wildlife enhancement program established by the Secretary; or

“(bb) land covered by a contract enrolled under a conservation reserve enhancement program established under section 1231A or the Conservation Reserve Enhancement Program established by the Secretary under this subchapter.

“(II) EXCEPTION.—Subclause (I) shall not apply to land on which haying or grazing is specifically permitted under the applicable conservation reserve enhancement program agreement or other partnership agreement entered into under this subchapter.”.

(c) NATURAL DISASTER OR ADVERSE WEATHER AS MID-CONTRACT MANAGEMENT.—Section 1233 of the Food Security Act of 1985 (16 U.S.C. 3833) is amended by adding at the end the following:

“(e) NATURAL DISASTER OR ADVERSE WEATHER AS MID-CONTRACT MANAGEMENT.—In the case of a natural disaster or adverse weather event that has the effect of a management practice consistent with the conservation plan, the Secretary shall not require further management practices pursuant to section 1232(a)(5) that are intended to achieve the same effect.”.

SEC. 2207. PAYMENTS.

(a) COST SHARING PAYMENTS.—Section 1234(b) of the Food Security Act of 1985 (16 U.S.C. 3834(b)) is amended—

(1) by striking paragraphs (2) through (4) and inserting the following:

“(2) LIMITATIONS.—

“(A) IN GENERAL.—The Secretary shall ensure, to the maximum extent practicable, that cost sharing payments to an owner or operator under this subchapter, when combined with the sum of payments from all other funding sources for measures and practices described in paragraph (1), do not exceed 100 percent of the total actual cost of establishing those measures and practices, as determined by the Secretary.

“(B) MID-CONTRACT MANAGEMENT GRAZING.—The Secretary may not make any cost sharing payment to an owner or operator under this subchapter pursuant to section 1232(a)(5).

“(C) SEED COST.—In the case of seed costs related to the establishment of cover, cost sharing payments under this subchapter shall not exceed 50 percent of the actual cost of the seed mixture, as determined by the Secretary.”;

(2) by redesignating paragraph (5) as paragraph (3);

(3) in paragraph (3) (as so redesignated), by striking “An owner” and inserting “Except in the case of incentive payments that are related to the cost of the establishment of a practice and received from eligible partners under the conservation reserve enhancement program under section 1231A, an owner”;

and

(4) by adding at the end the following:

“(4) PRACTICE INCENTIVES FOR CONTINUOUS PRACTICES.—In addition to the cost sharing payment described in this subsection, the Secretary shall make an incentive payment to an owner or operator of land enrolled under section 1231(d)(6) in an amount not to exceed 50 percent of the actual cost of establishing all measures and practices described in paragraph (1), including seed costs related to the establishment of cover, as determined by the Secretary.”.

(b) INCENTIVE PAYMENTS.—Section 1234(c) of the Food Security Act of 1985 (16 U.S.C. 3834(c)) is amended—

(1) in the subsection heading, by striking “INCENTIVE” and inserting “FOREST MANAGEMENT INCENTIVE”;

(2) in paragraph (1), by striking “The Secretary” and inserting “Using funds made available under section 1241(a)(1)(A), the Secretary”; and

(3) in paragraph (2), by striking “150 percent” and inserting “100 percent”.

(c) ANNUAL RENTAL PAYMENTS.—Section 1234(d) of the Food Security Act of 1985 (16 U.S.C. 3834(d)) is amended—

(1) in paragraph (1)—

(A) by striking “the Secretary may consider, among other things, the amount” and inserting the following: “the Secretary shall consider—

“(A) the amount”;

(B) in subparagraph (A) (as so designated), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

“(B) the impact on the local farmland rental market;

and

“(C) such other factors as the Secretary determines to be appropriate.”;

(2) in paragraph (2)—

(A) in subparagraph (A)—

- (i) in clause (i), by striking “; or” and inserting a period;
 - (ii) by striking clause (ii); and
 - (iii) by striking “determined through—” in the matter preceding clause (i) and all that follows through “the submission of bids” in clause (i) and inserting “determined through the submission of applications”;
- (B) by redesignating subparagraph (B) as subparagraph (C);
- (C) by inserting after subparagraph (A) the following:
 “(B) MULTIPLE ENROLLMENTS.—
- “(i) IN GENERAL.—Subject to clause (ii), if land subject to a contract entered into under this subchapter is reenrolled under section 1231(h)(1) or has been previously enrolled in the conservation reserve, the annual rental payment shall be in an amount that is not more than 85 percent in the case of general enrollment contracts, or 90 percent in the case of continuous enrollment contracts, of the applicable estimated average county rental rate published pursuant to paragraph (4) for the year in which the reenrollment occurs.
- “(ii) CONSERVATION RESERVE ENHANCEMENT PROGRAM.—The reduction in annual rental payments under clause (i) may be waived as part of the negotiation between the Secretary and an eligible partner to enter into a conservation reserve enhancement program agreement under section 1231A.”;
- (D) in subparagraph (C) (as so redesignated), by striking “In the case” and inserting “Notwithstanding subparagraph (A), in the case”; and
- (E) by adding at the end the following:
 “(D) CONTINUOUS SIGN-UP INCENTIVES.—The Secretary shall make an incentive payment to the owner or operator of land enrolled under section 1231(d)(6) at the time of initial enrollment in an amount equal to 32.5 percent of the amount of the first annual rental payment under subparagraph (A).”;
- (3) by striking paragraph (4);
- (4) by redesignating paragraph (5) as paragraph (4); and
- (5) in paragraph (4) (as so redesignated)—
- (A) in subparagraph (A)—
 - (i) by striking “, not less frequently than once every other year,” and inserting “annually”; and
 - (ii) by inserting “, and shall publish the estimates derived from the survey not later than September 15 of each year” before the period at the end;
 - (B) in subparagraph (B), by inserting “and the average current and previous soil rental rates for each county” after “subparagraph (A)”;
 - (C) in subparagraph (C), by striking “may use” and inserting “shall consider”; and
 - (D) by adding at the end the following:
 “(D) SUBMISSION OF ADDITIONAL INFORMATION BY STATE FSA OFFICES AND CREP PARTNERS.—

“(i) IN GENERAL.—The Secretary shall provide an opportunity for State Committees of the Farm Service Agency or eligible partners (as defined in section

1231A(a)) in conservation reserve enhancement programs under section 1231A to propose an alternative soil rental rate prior to finalizing new rates, on the condition that documentation described in clause (ii) is provided to support the proposed alternative.

“(ii) ACCEPTABLE DOCUMENTATION.—Documentation referred to in clause (i) includes—

“(I) an average of cash rents from a random sample of lease agreements;

“(II) cash rent estimates from a published survey;

“(III) neighboring county estimate comparisons from the National Agricultural Statistics Service;

“(IV) an average of cash rents from Farm Service Agency farm business plans;

“(V) models that estimate cash rents, such as models that use returns to estimate crop production or land value data; or

“(VI) other documentation, as determined by the Secretary.

“(iii) NOTIFICATION.—Not less than 14 days prior to the announcement of new or revised soil rental rates, the Secretary shall offer a briefing to the Chairman and Ranking Member of the Committee on Agriculture of the House of Representatives and the Chairman and Ranking Member of the Committee on Agriculture, Nutrition, and Forestry of the Senate, including information on and the rationale for the alternative rates proposed under clause (i) that were accepted or rejected.

“(E) RENTAL RATE LIMITATION.—Notwithstanding forest management incentive payments described in subsection (c), the county average soil rental rate (before any adjustments relating to specific practices, wellhead protection, or soil productivity) shall not exceed—

“(i) 85 percent of the estimated rental rate determined under this paragraph for general enrollment; or

“(ii) 90 percent of the estimated rental rate determined under this paragraph for continuous enrollment.”.

(d) PAYMENT LIMITATION FOR RENTAL PAYMENTS.—Section 1234(g) of the Food Security Act of 1985 (16 U.S.C. 3834(g)) is amended—

(1) in paragraph (1), by striking “The total” and inserting “Except as provided in paragraph (2), the total”; and

(2) by striking paragraph (2) and inserting the following:

“(2) WELLHEAD PROTECTION.—Paragraph (1) and section 1001D(b) shall not apply to rental payments received by a rural water district or association for land that is enrolled under this subchapter for the purpose of protecting a wellhead.”.

SEC. 2208. CONTRACTS.

(a) TRANSITION OPTION FOR CERTAIN FARMERS OR RANCHERS.—Section 1235(f) of the Food Security Act of 1985 (16 U.S.C. 3835(f)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking “retired farmer or rancher” and inserting “contract holder”;

(B) by striking “retired or retiring owner or operator” each place it appears and inserting “contract holder”;

(C) in subparagraph (A), in the matter preceding clause (i), by striking “1 year” and inserting “2 years”;

(D) in subparagraph (B), by inserting “, including a lease with a term of less than 5 years and an option to purchase” after “option to purchase”;

(E) in subparagraph (D), by striking “; and” and inserting a semicolon;

(F) by redesignating subparagraph (E) as subparagraph (F); and

(G) by inserting after subparagraph (D) the following: “(E) give priority to the enrollment of the land covered by the contract in—

“(i) the environmental quality incentives program established under subchapter A of chapter 4;

“(ii) the conservation stewardship program established under subchapter B of chapter 4; or

“(iii) the agricultural conservation easement program established under subtitle H; and”;

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking “The Secretary” and inserting “To the extent that the maximum number of acres permitted to be enrolled under the conservation reserve program has not been met, the Secretary”; and

(B) by striking subparagraph (A) and inserting the following:

“(A)(i) is carried out on land described in paragraph (4) or (5) of section 1231(b); and

“(ii) is eligible for continuous enrollment under section 1231(d)(6); and”.

(b) END OF CONTRACT CONSIDERATIONS.—Section 1235(g) of the Food Security Act of 1985 (16 U.S.C. 3835(g)) is amended to read as follows:

“(g) END OF CONTRACT CONSIDERATIONS.—The Secretary shall not consider an owner or operator to be in violation of a term or condition of the conservation reserve contract if—

“(1) during the year prior to expiration of the contract, the owner or operator—

“(A)(i) enters into a contract under the environmental quality incentives program established under subchapter A of chapter 4; and

“(ii) begins the establishment of a practice under that contract; or

“(B)(i) enters into a contract under the conservation stewardship program established under subchapter B of chapter 4; and

“(ii) begins the establishment of a practice under that contract; or

“(2) during the 3 years prior to the expiration of the contract, the owner or operator begins the certification process under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).”.

SEC. 2209. ELIGIBLE LAND; STATE LAW REQUIREMENTS.16 USC 3831
note.

The Secretary shall revise paragraph (4) of section 1410.6(d) of title 7, Code of Federal Regulations, to provide that land enrolled under a Conservation Reserve Enhancement Program agreement initially established before January 1, 2014 (including an amended or successor Conservation Reserve Enhancement Program agreement, as determined by the Secretary), shall not be ineligible for enrollment in the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.) under that paragraph if the Deputy Administrator (as defined in section 1410.2(b) of title 7, Code of Federal Regulations (or successor regulations)), on recommendation from and in consultation with the applicable State technical committee established under section 1261(a) of the Food Security Act of 1985 (16 U.S.C. 3861(a)) determines, under such terms and conditions as the Deputy Administrator, in consultation with the State technical committee, determines to be appropriate, that making that land eligible for enrollment in that program is not contrary to the purposes of that program.

Subtitle C—Environmental Quality Incentives Program and Conservation Stewardship Program

SEC. 2301. REPEAL OF CONSERVATION PROGRAMS.

(a) **IN GENERAL.**—Chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.) is amended—

(1) by striking the chapter designation and heading and inserting the following:

“CHAPTER 4—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM AND CONSERVATION STEWARDSHIP PROGRAM

“Subchapter A—Environmental Quality Incentives Program”; and

(2) by inserting after section 1240H the following:

“Subchapter B—Conservation Stewardship Program”.

(b) **CONSERVATION STEWARDSHIP PROGRAM.**—Subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et seq.) is amended—

(1) by redesignating sections 1238D through 1238G as sections 1240I through 1240L, respectively; and

(2) by moving sections 1240I through 1240L (as so redesignated) so as to appear after the subchapter heading for subchapter B of chapter 4 of subtitle D of title XII of that Act (as added by subsection (a)(2)).

(c) **REPEAL.**—

(1) **IN GENERAL.**—Chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.) (as amended by subsection (b)) is repealed.

16 USC
3838d–3838g.16 USC
3839aa–21–
3839aa–24.16 USC
3838–3838c.

16 USC 3838d
note.

(2) **TERMINATION OF CONSERVATION STEWARDSHIP PROGRAM.**—Effective on the date of enactment of this Act, the conservation stewardship program under subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et seq.) (as in effect on the day before the date of enactment of this Act) shall cease to be effective.

16 USC
3839aa–21 note.

(3) **TRANSITIONAL PROVISIONS.**—

(A) **EFFECT ON EXISTING CONTRACTS AND AGREEMENTS.**—The cessation of effectiveness under paragraph (2) shall not affect—

(i) the validity or terms of any contract entered into by the Secretary under subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et seq.) before the date of enactment of this Act, or any payments, modifications, or technical assistance required to be made in connection with the contract; or

(ii) subject to subparagraph (D), any agreement entered into by the Secretary under the regional conservation partnership program under subtitle I of title XII of the Food Security Act of 1985 (16 U.S.C. 3871 et seq.) on or before September 30, 2018, under which conservation stewardship program acres and associated funding have been allocated to the agreement for the purpose of entering into a contract under subchapter B of chapter 2 of subtitle D of title XII of that Act (16 U.S.C. 3838d et seq.) (as in effect on the day before the date of enactment of this Act).

(B) **EXTENSION PERMITTED.**—Notwithstanding paragraph (2), the Secretary may extend for 1 year a contract described in subparagraph (A)(i) if that contract expires on or before December 31, 2019, under the terms and payment rate of the existing contract and in accordance with subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et seq.) (as in effect on the day before the date of enactment of this Act).

(C) **RENEWAL NOT PERMITTED.**—

(i) **IN GENERAL.**—Notwithstanding subparagraph (A), and subject to clause (ii), the Secretary may not renew a contract or agreement described in that subparagraph.

(ii) **EXCEPTION.**—The Secretary may renew a contract described in subparagraph (A)(i)—

(I) if that contract expires on or after December 31, 2019;

(II) under the terms of the conservation stewardship program under subchapter B of chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (as added by subsections (a)(2) and (b)); and

(III) subject to the limitation on funding for that subchapter under section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841).

(D) **RCCP CONTRACTS.**—

(i) TREATMENT OF ACREAGE.—In the case of an agreement described in subparagraph (A)(ii), the Secretary may provide an amount of funding that is equivalent to the value of any acres covered by the agreement.

(ii) FUNDS AND ACRES NOT OBLIGATED.—In the case of an agreement described in subparagraph (A)(ii) to which program acres and associated funding have been allocated but not yet obligated to enter into a contract under subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et seq.) (as in effect on the day before the date of enactment of this Act)—

(I) the Secretary shall modify the agreement to authorize the entrance into a contract under subchapter B of chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (as added by subsections (a)(2) and (b)); and

(II) the funds associated with the conservation stewardship program acres allocated under that agreement, on modification under subclause (I), may be used to enter into conservation stewardship program contracts with producers under subchapter B of chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (as added by subsections (a)(2) and (b)).

(4) CONTRACT ADMINISTRATION.—Subject to paragraphs (3)(C) and (3)(D)(ii)(II), the Secretary shall administer each contract and agreement described in clauses (i) and (ii) of paragraph (3)(A) until the expiration of the contract or agreement in accordance with the regulations to carry out the conservation stewardship program under subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et seq.) (as in effect on the day before the date of enactment of this Act) that are in effect on the day before that date of enactment.

16 USC
3839aa–21 note.

(5) FUNDING.—Notwithstanding paragraphs (1) and (2), any funds made available from the Commodity Credit Corporation under section 1241(a)(4) of the Food Security Act of 1985 (16 U.S.C. 3841(a)(4)) for fiscal years 2014 through 2018 shall be available to carry out—

16 USC
3839aa–21 note.

(A) any contract or agreement described in paragraph (3)(A)(i) for fiscal year 2019;

(B) any contract or agreement described in paragraph (3)(A)(ii);

(C) any contract extended under paragraph (3)(B); and

(D) any contract or agreement under subchapter B of chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (as added by subsections (a)(2) and (b)).

(d) CONFORMING AMENDMENTS.—

(1) FOOD SECURITY ACT OF 1985.—

(A) Section 1211(a)(3)(A) of the Food Security Act of 1985 (16 U.S.C. 3811(a)(3)(A)) is amended by inserting “subchapter A of” before “chapter 4”.

(B) Section 1221(b)(3)(A) of the Food Security Act of 1985 (16 U.S.C. 3821(b)(3)(A)) is amended by inserting “subchapter A of” before “chapter 4”.

(C) Section 1240J(b)(1) of the Food Security Act of 1985 (as redesignated by subsection (b)(1)) is amended by striking subparagraph (C).

(D) Section 1240 of the Food Security Act of 1985 (16 U.S.C. 3839aa) is amended in the matter preceding paragraph (1) by striking “chapter” and inserting “subchapter”.

(E) Section 1240A of the Food Security Act of 1985 (16 U.S.C. 3839aa–1) is amended by striking “chapter” each place it appears and inserting “subchapter”.

(F) Section 1240B(i)(2)(B) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(i)(2)(B)) is amended by striking “chapter” and inserting “subchapter”.

(G) Section 1240C(b) of the Food Security Act of 1985 (16 U.S.C. 3839aa–3(b)) is amended in the matter preceding paragraph (1) by striking “chapter” and inserting “subchapter”.

(H) Section 1240E(b)(2) of the Food Security Act of 1985 (16 U.S.C. 3839aa–5(b)(2)) is amended by striking “chapter” and inserting “subchapter”.

(I) Section 1240G of the Food Security Act of 1985 (16 U.S.C. 3839aa–7) is amended by striking “chapter” each place it appears and inserting “subchapter”.

(J) Section 1240H of the Food Security Act of 1985 (16 U.S.C. 3839aa–8) is amended by striking “chapter” each place it appears and inserting “subchapter”.

(K) Section 1244(c)(3) of the Food Security Act of 1985 (16 U.S.C. 3844(c)(3)) is amended by inserting “subchapter A of” before “chapter 4”.

(L) Section 1244(l) of the Food Security Act of 1985 (16 U.S.C. 3844(l)) is amended—

(i) by striking “chapter 2” and inserting “chapter 4”; and

(ii) by inserting “subchapter A of” after “incentives program under”.

(2) OTHER LAWS.—

(A) Section 344(f)(8) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1344(f)(8)) is amended by inserting “subchapter A of” before “chapter 4”.

(B) Section 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1377) is amended by inserting “subchapter A of” before “chapter 4”.

(C) Paragraph (1) of the last proviso of the matter under the heading “CONSERVATION RESERVE PROGRAM” under the heading “SOIL BANK PROGRAMS” of title I of the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959 (7 U.S.C. 1831a), is amended by inserting “subchapter A of” before “chapter 4”.

(D) Section 8(b)(1) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(1)) is amended by inserting “subchapter A of” before “chapter 4”.

(E) Section 1271(c)(3)(C) of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 2106a(c)(3)(C)) is amended by inserting “subchapter A of” before “chapter 4”.

(F) Section 304(a)(1) of the Lake Champlain Special Designation Act of 1990 (33 U.S.C. 1270 note; Public Law 101-596) is amended by inserting “subchapter A of” before “chapter 4”.

(G) Section 202(c) of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592(c)) is amended by inserting “subchapter A of” before “chapter 4”.

SEC. 2302. PURPOSES OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

Section 1240 of the Food Security Act of 1985 (16 U.S.C. 3839aa) is amended by striking paragraph (4) and inserting the following:

“(4) assisting producers to make beneficial, cost-effective changes to production systems, including addressing identified, new, or expected resource concerns related to organic production, grazing management, fuels management, forest management, nutrient management associated with crops and livestock, pest management, irrigation management, adapting to, and mitigating against, increasing weather volatility, drought resiliency measures, or other practices on agricultural and forested land.”

SEC. 2303. DEFINITIONS UNDER ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

Section 1240A of the Food Security Act of 1985 (16 U.S.C. 3839aa-1) is amended—

(1) by redesignating paragraphs (1), (2), (3), (4) and (5) as paragraphs (2), (4), (5), (6), and (8), respectively;

(2) by inserting before paragraph (2) (as so redesignated) the following:

“(1) CONSERVATION PLANNING ASSESSMENT.—The term ‘conservation planning assessment’ means a report, as determined by the Secretary, that—

“(A) is developed by—

“(i) a State or unit of local government (including a conservation district);

“(ii) a Federal agency; or

“(iii) a third-party provider certified under section 1242(e) (including a certified rangeland professional);

“(B) assesses rangeland or cropland function and describes conservation activities to enhance the economic and ecological management of that land; and

“(C) can be incorporated into a comprehensive planning document required by the Secretary for enrollment in a conservation program of the Department of Agriculture.”;

(3) in paragraph (2) (as so redesignated), in subparagraph (B)(vi)—

(A) by inserting “environmentally sensitive areas,” after “marshes,”; and

(B) by inserting “identified or expected” before “resource concerns”;

(4) by inserting after paragraph (2) (as so redesignated) the following:

“(3) INCENTIVE PRACTICE.—The term ‘incentive practice’ means a practice or set of practices approved by the Secretary that, when implemented and maintained on eligible land, address 1 or more priority resource concerns.”;

(5) in paragraph (6) (as so redesignated)—

- (A) in subparagraph (A)—
 - (i) in clause (iv), by striking “and” at the end;
 - (ii) by redesignating clause (v) as clause (vii); and
 - (iii) by inserting after clause (iv) the following:
 - “(v) soil testing;
 - “(vi) soil remediation to be carried out by the producer; and”;
- (B) in subparagraph (B)—
 - (i) in clause (i), by striking “and” at the end;
 - (ii) by redesignating clause (ii) as clause (vi); and
 - (iii) by inserting after clause (i) the following:
 - “(ii) planning for resource-conserving crop rotations (as defined in section 1240L(d)(1));
 - “(iii) soil health planning, including increasing soil organic matter and the use of cover crops;
 - “(iv) a conservation planning assessment;
 - “(v) precision conservation management planning; and”;
- (6) by inserting after paragraph (6) (as so redesignated) the following:
 - “(7) PRIORITY RESOURCE CONCERN.—The term ‘priority resource concern’ means a natural resource concern or problem, as determined by the Secretary, that—
 - “(A) is identified at the national, State, or local level as a priority for a particular area of a State; and
 - “(B) represents a significant concern in a State or region.”; and
 - (7) by adding at the end the following:
 - “(9) SOIL REMEDIATION.—The term ‘soil remediation’ means scientifically based practices that—
 - “(A) ensure the safety of producers from contaminants in soil;
 - “(B) limit contaminants in soil from entering agricultural products for human or animal consumption; and
 - “(C) regenerate and sustain the soil.
 - “(10) SOIL TESTING.—The term ‘soil testing’ means the evaluation of soil health, including testing for—
 - “(A) the optimal level of constituents in the soil, such as organic matter, nutrients, and the potential presence of soil contaminants, including heavy metals, volatile organic compounds, polycyclic aromatic hydrocarbons, or other contaminants; and
 - “(B) the biological and physical characteristics indicative of proper soil functioning.”.

SEC. 2304. ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

(a) ESTABLISHMENT.—Section 1240B(a) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(a)) is amended by striking “2019” and inserting “2023”.

(b) PAYMENTS.—Section 1240B(d) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(d)) is amended—

(1) in paragraph (4)(B)—

(A) in clause (i)—

(i) by striking “Not more than” and inserting “On an election by a producer described in subparagraph (A), the Secretary shall provide at least”;

(ii) by striking “may be provided”; and
(iii) by striking “the purpose of” and inserting “all costs related to”; and

(B) by adding at the end the following:

“(iii) NOTIFICATION AND DOCUMENTATION.—The Secretary shall—

“(I) notify each producer described in subparagraph (A), at the time of enrollment in the program, of the option to receive advance payments under clause (i); and

“(II) document the election of each producer described in subparagraph (A) to receive advance payments under clause (i) with respect to each practice that has costs described in that clause.”; and

(2) by adding at the end the following:

“(7) INCREASED PAYMENTS FOR HIGH-PRIORITY PRACTICES.—

“(A) STATE DETERMINATION.—Each State, in consultation with the State technical committee established under section 1261(a) for the State, may designate not more than 10 practices to be eligible for increased payments under subparagraph (B), on the condition that the practice, as determined by the Secretary—

“(i) addresses specific causes of impairment relating to excessive nutrients in groundwater or surface water;

“(ii) addresses the conservation of water to advance drought mitigation and declining aquifers;

“(iii) meets other environmental priorities and other priority resource concerns identified in habitat or other area restoration plans; or

“(iv) is geographically targeted to address a natural resource concern in a specific watershed.

“(B) INCREASED PAYMENTS.—Notwithstanding paragraph (2), in the case of a practice designated under subparagraph (A), the Secretary may increase the amount that would otherwise be provided for a practice under this subsection to not more than 90 percent of the costs associated with planning, design, materials, equipment, installation, labor, management, maintenance, or training.”.

(c) ALLOCATION OF FUNDING.—Section 1240B(f) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(f)) is amended—

(1) in paragraph (1)—

(A) by striking “2014 through 2018” and inserting “2019 through 2023”;

(B) by striking “60” and inserting “50”; and

(C) by striking “production.” and inserting “production, including grazing management practices.”; and

(2) in paragraph (2)—

(A) by striking “For each” and inserting the following:

“(A) FISCAL YEARS 2014 THROUGH 2018.—For each”; and

(B) by adding at the end the following:

“(B) FISCAL YEARS 2019 THROUGH 2023.—For each of fiscal years 2019 through 2023, at least 10 percent of the funds made available for payments under the program

shall be targeted at practices benefitting wildlife habitat under subsection (g).”.

(d) WILDLIFE HABITAT INCENTIVE PROGRAM.—Section 1240B(g) of the Food Security Act of 1985 (16 U.S.C. 3839aa-2(g)) is amended by adding at the end the following:

“(3) MAXIMUM TERM.—In the case of a contract under the program entered into solely for the establishment of 1 or more annual management practices for the benefit of wildlife as described in paragraph (1), notwithstanding any maximum contract term established by the Secretary, the contract shall have a term that does not exceed 10 years.

“(4) INCLUDED PRACTICES.—For the purpose of providing seasonal wetland habitat for waterfowl and migratory birds, a practice that is eligible for payment under paragraph (1) and targeted for funding under subsection (f) may include—

“(A) a practice to carry out postharvest flooding; or

“(B) a practice to maintain the hydrology of temporary and seasonal wetlands of not more than 2 acres to maintain waterfowl and migratory bird habitat on working cropland.”.

(e) WATER CONSERVATION OR IRRIGATION EFFICIENCY PRACTICE.—Section 1240B(h) of the Food Security Act of 1985 (16 U.S.C. 3839aa-2(h)) is amended—

(1) by striking paragraph (1) and inserting the following:

“(1) AVAILABILITY OF PAYMENTS.—The Secretary may provide water conservation and system efficiency payments under this subsection to an entity described in paragraph (2) or a producer for—

“(A) water conservation scheduling, water distribution efficiency, soil moisture monitoring, or an appropriate combination thereof;

“(B) irrigation-related structural or other measures that conserve surface water or groundwater, including managed aquifer recovery practices; or

“(C) a transition to water-conserving crops, water-conserving crop rotations, or deficit irrigation.”;

(2) by redesignating paragraph (2) as paragraph (3);

(3) by inserting after paragraph (1) the following:

“(2) ELIGIBILITY OF CERTAIN ENTITIES.—

“(A) IN GENERAL.—Notwithstanding section 1001(f)(6), the Secretary may enter into a contract under this subsection with a State, irrigation district, groundwater management district, acequia, land-grant mercedes, or similar entity under a streamlined contracting process to implement water conservation or irrigation practices under a watershed-wide project that will effectively conserve water, provide fish and wildlife habitat, or provide for drought-related environmental mitigation, as determined by the Secretary.

“(B) IMPLEMENTATION.—Water conservation or irrigation practices that are the subject of a contract entered into under subparagraph (A) shall be implemented on—

“(i) eligible land of a producer; or

“(ii) land that is—

“(I) under the control of an irrigation district, groundwater management district, acequia, land-grant mercedes, or similar entity; and

“(II) adjacent to eligible land described in clause (i), as determined by the Secretary.

“(C) WAIVER AUTHORITY.—The Secretary may waive the applicability of the limitations in section 1001D(b) or section 1240G for a payment made under a contract entered into under this paragraph if the Secretary determines that the waiver is necessary to fulfill the objectives of the project.

“(D) CONTRACT LIMITATIONS.—If the Secretary grants a waiver under subparagraph (C), the Secretary may impose a separate payment limitation for the contract with respect to which the waiver applies.”;

(4) in paragraph (3) (as so redesignated)—

(A) in the matter preceding subparagraph (A), by striking “to a producer” and inserting “under this subsection”;

(B) in subparagraph (A), by striking “the eligible land of the producer is located, there is a reduction in water use in the operation of the producer” and inserting “the land on which the practices will be implemented is located, there is a reduction in water use in the operation on that land”; and

(C) in subparagraph (B), by inserting “except in the case of an application under paragraph (2),” before “the producer agrees”; and

(5) by adding at the end the following:

“(4) EFFECT.—Nothing in this subsection authorizes the Secretary to modify the process for determining the annual allocation of funding to States under the program.”.

(f) PAYMENTS FOR CONSERVATION PRACTICES RELATED TO ORGANIC PRODUCTION.—Section 1240B(i)(3) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(i)(3)) is amended—

(1) in the first sentence, by striking “Payments” and inserting the following:

“(A) IN GENERAL.—Payments”;

(2) in the second sentence, by striking “In applying these limitations” and inserting the following:

“(B) TECHNICAL ASSISTANCE.—In applying the limitations under subparagraph (A)”;

(3) in subparagraph (A) (as so designated)—

(A) by striking “aggregate, \$20,000 per year or \$80,000 during any 6-year period.” and inserting the following: “aggregate—

“(i) through fiscal year 2018—

“(I) \$20,000 per year; or

“(II) \$80,000 during any 6-year period; and”;

and

(B) by adding at the end the following:

“(ii) during the period of fiscal years 2019 through 2023, \$140,000.”.

(g) CONSERVATION INCENTIVE CONTRACTS.—Section 1240B of the Food Security Act of 1985 (16 U.S.C. 3839aa–2) is amended by adding at the end the following:

“(j) CONSERVATION INCENTIVE CONTRACTS.—

“(1) IDENTIFICATION OF ELIGIBLE PRIORITY RESOURCE CONCERNS FOR STATES.—

“(A) IN GENERAL.—The Secretary, in consultation with the applicable State technical committee established under section 1261(a), shall identify watersheds (or other appropriate regions or areas within a State) and the corresponding priority resource concerns for those watersheds or other regions or areas that are eligible to be the subject of an incentive contract under this subsection.

“(B) LIMITATION.—For each of the relevant land uses within the watersheds, regions, or other areas identified under subparagraph (A), the Secretary shall identify not more than 3 eligible priority resource concerns.

“(2) CONTRACTS.—

“(A) AUTHORITY.—

“(i) IN GENERAL.—The Secretary shall enter into contracts with producers under this subsection that require the implementation, adoption, management, and maintenance of incentive practices that effectively address at least 1 eligible priority resource concern identified under paragraph (1) for the term of the contract.

“(ii) INCLUSIONS.—Through a contract entered into under clause (i), the Secretary may provide—

“(I) funding, through annual payments, for certain incentive practices to attain increased levels of conservation on eligible land; or

“(II) assistance, through a practice payment, to implement an incentive practice.

“(B) TERM.—A contract under this subsection shall have a term of not less than 5, and not more than 10, years.

“(C) PRIORITIZATION.—Notwithstanding section 1240C, the Secretary shall develop criteria for evaluating incentive practice applications that—

“(i) give priority to applications that address eligible priority resource concerns identified under paragraph (1); and

“(ii) evaluate applications relative to other applications for similar agriculture and forest operations.

“(3) INCENTIVE PRACTICE PAYMENTS.—

“(A) IN GENERAL.—The Secretary shall provide payments to producers through contracts entered into under paragraph (2) for—

“(i) adopting and installing incentive practices; and

“(ii) managing, maintaining, and improving the incentive practices for the duration of the contract, as determined appropriate by the Secretary.

“(B) PAYMENT AMOUNTS.—In determining the amount of payments under subparagraph (A), the Secretary shall consider, to the extent practicable—

“(i) the level and extent of the incentive practice to be installed, adopted, completed, maintained, managed, or improved;

“(ii) the cost of the installation, adoption, completion, management, maintenance, or improvement of the incentive practice;

“(iii) income foregone by the producer, including payments, as appropriate, to address—

“(I) increased economic risk;

“(II) loss in revenue due to anticipated reductions in yield; and

“(III) economic losses during transition to a resource-conserving cropping system or resource-conserving land use; and

“(iv) the extent to which compensation would ensure long-term continued maintenance, management, and improvement of the incentive practice.

“(C) DELIVERY OF PAYMENTS.—In making payments under subparagraph (A), the Secretary shall, to the extent practicable—

“(i) in the case of annual payments under paragraph (2)(A)(ii)(I), make those payments as soon as practicable after October 1 of each fiscal year for which increased levels of conservation are maintained during the term of the contract; and

“(ii) in the case of practice payments under paragraph (2)(A)(ii)(II), make those payments as soon as practicable on the implementation of an incentive practice.”.

SEC. 2305. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

Section 1240E(a)(3) of the Food Security Act of 1985 (16 U.S.C. 3839aa–5(a)(3)) is amended by inserting “progressive” before “implementation”.

SEC. 2306. LIMITATION ON PAYMENTS UNDER ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

Section 1240G of the Food Security Act of 1985 (16 U.S.C. 3839aa–7) is amended—

(1) by striking “A person” and inserting “Not including payments made under section 1240B(j), a person”; and

(2) by inserting “or the period of fiscal years 2019 through 2023,” after “2018,”.

SEC. 2307. CONSERVATION INNOVATION GRANTS AND PAYMENTS.

(a) COMPETITIVE GRANTS FOR INNOVATIVE CONSERVATION APPROACHES.—Section 1240H(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3839aa–8(a)(2)) is amended—

(1) in subparagraph (A), by striking “program;” and inserting “program or community colleges (as defined in section 1473E(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319e(a))) carrying out demonstration projects on land of the community college;”;

(2) by redesignating subparagraphs (E) and (F) as subparagraphs (G) and (H), respectively; and

(3) by inserting after subparagraph (D) the following:

“(E) partner with farmers to develop innovative practices for urban, indoor, or other emerging agricultural operations;

“(F) utilize edge-of-field and other monitoring practices on farms—

“(i) to quantify the impacts of practices implemented under the program; and

“(ii) to assist producers in making the best conservation investments for the operations of the producers;”.

(b) AIR QUALITY CONCERNS FROM AGRICULTURAL OPERATIONS.—Section 1240H(b)(2) of the Food Security Act of 1985 (16 U.S.C. 3839aa-8(b)(2)) is amended by striking “\$25,000,000 for each of fiscal years 2009 through 2018” and inserting “\$37,500,000 for each of fiscal years 2019 through 2023”.

(c) ON-FARM CONSERVATION INNOVATION TRIALS; REPORTING AND DATABASE.—Section 1240H of the Food Security Act of 1985 (16 U.S.C. 3839aa-8) is amended by striking subsection (c) and inserting the following:

“(c) ON-FARM CONSERVATION INNOVATION TRIALS.—

“(1) DEFINITIONS.—In this subsection:

“(A) ELIGIBLE ENTITY.—The term ‘eligible entity’ means, as determined by the Secretary—

“(i) a third-party private entity the primary business of which is related to agriculture;

“(ii) a nongovernmental organization with experience working with agricultural producers; or

“(iii) a governmental organization.

“(B) NEW OR INNOVATIVE CONSERVATION APPROACH.—The term ‘new or innovative conservation approach’ means—

“(i) new or innovative—

“(I) precision agriculture technologies;

“(II) enhanced nutrient management plans, nutrient recovery systems, and fertilization systems;

“(III) soil health management systems, including systems to increase soil carbon levels;

“(IV) water management systems;

“(V) resource-conserving crop rotations (as defined in section 1240L(d)(1));

“(VI) cover crops; and

“(VII) irrigation systems; and

“(ii) any other conservation approach approved by the Secretary as new or innovative.

“(2) TESTING NEW OR INNOVATIVE CONSERVATION APPROACHES.—Using \$25,000,000 of the funds made available to carry out this subchapter for each of fiscal years 2019 through 2023, the Secretary shall carry out on-farm conservation innovation trials, on eligible land of producers, to test new or innovative conservation approaches—

“(A) directly with producers; or

“(B) through eligible entities.

“(3) INCENTIVE PAYMENTS.—

“(A) AGREEMENTS.—In carrying out paragraph (2), the Secretary shall enter into agreements with producers (either directly or through eligible entities) on whose land an on-farm conservation innovation trial is being carried out to provide payments (including payments to compensate for foregone income, as appropriate to address the increased economic risk potentially associated with new or innovative conservation approaches) to the producers to assist with adopting and evaluating new or innovative conservation approaches to achieve conservation benefits.

“(B) ADJUSTED GROSS INCOME REQUIREMENTS.—

“(i) IN GENERAL.—Adjusted gross income requirements under section 1001D(b)(1) shall—

“(I) apply to producers receiving payments under this subsection; and

“(II) be enforced by the Secretary.

“(ii) REPORTING.—An eligible entity participating in an on-farm conservation innovation trial under this subsection shall report annually to the Secretary on the amount of payments made to individual farm operations under this subsection.

“(C) LIMITATION ON ADMINISTRATIVE EXPENSES.—None of the funds made available to carry out this subsection may be used to pay for the administrative expenses of an eligible entity.

“(D) LENGTH OF AGREEMENTS.—An agreement entered into under subparagraph (A) shall be for a period determined by the Secretary that is—

“(i) not less than 3 years; and

“(ii) if appropriate, more than 3 years, including if such a period is appropriate to support—

“(I) adaptive management over multiple crop years; and

“(II) adequate data collection and analysis by a producer or eligible entity to report the natural resource and agricultural production benefits of the new or innovative conservation approaches to the Secretary.

“(4) FLEXIBLE ADOPTION.—The scale of adoption of a new or innovative conservation approach under an on-farm conservation innovation trial under an agreement under paragraph (2) may include multiple scales on an operation, including whole farm, field-level, or sub-field scales.

“(5) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance—

“(A) to each producer or eligible entity participating in an on-farm conservation innovation trial under paragraph (2) with respect to the design, installation, and management of the new or innovative conservation approaches; and

“(B) to each eligible entity participating in an on-farm conservation innovation trial under paragraph (2) with respect to data analyses of the on-farm conservation innovation trial.

“(6) GEOGRAPHIC SCOPE.—The Secretary shall identify a diversity of geographic regions of the United States in which to establish on-farm conservation innovation trials under paragraph (2), taking into account factors such as soil type, cropping history, and water availability.

“(7) SOIL HEALTH DEMONSTRATION TRIAL.—Using funds made available to carry out this subsection, the Secretary shall carry out a soil health demonstration trial under which the Secretary coordinates with eligible entities—

“(A) to provide incentives to producers to implement conservation practices that—

“(i) improve soil health;

“(ii) increase carbon levels in the soil; or

“(iii) meet the goals described in clauses (i) and (ii);

“(B) to establish protocols for measuring carbon levels in the soil and testing carbon levels on land where conservation practices described in subparagraph (A) were applied to evaluate gains in soil health as a result of the practices implemented by the producers in the soil health demonstration trial; and

“(C)(i) not later than September 30, 2020, to initiate a study regarding changes in soil health and, if feasible, economic outcomes, generated as a result of the conservation practices described in subparagraph (A) that were applied by producers through the soil health demonstration trial; and

“(ii) to submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate annual reports on the progress and results of the study under clause (i).

“(d) REPORTING AND DATABASE.—

“(1) REPORT REQUIRED.—Not later than September 30, 2019, and every 2 years thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the status of activities funded under this section, including—

“(A) funding awarded;

“(B) results of the activities, including, if feasible, economic outcomes;

“(C) incorporation of findings from the activities, such as new technology and innovative approaches, into the conservation efforts implemented by the Secretary; and

“(D) on completion of the study required under subsection (c)(7)(C), the findings of the study.

“(2) CONSERVATION PRACTICE DATABASE.—

“(A) IN GENERAL.—The Secretary shall use the data reported under paragraph (1) to establish and maintain a publicly available conservation practice database that provides—

“(i) a compilation and analysis of effective conservation practices for soil health, nutrient management, and source water protection in varying soil compositions, cropping systems, slopes, and landscapes; and

“(ii) a list of recommended new and effective conservation practices.

“(B) PRIVACY.—Information provided under subparagraph (A) shall be transformed into a statistical or aggregate form so as to not include any identifiable or personal information of individual producers.”

SEC. 2308. CONSERVATION STEWARDSHIP PROGRAM.

(a) DEFINITIONS.—Section 1240I of the Food Security Act of 1985 (as redesignated by section 2301(b)) is amended—

(1) in paragraph (2)(B)—

(A) in clause (i), by striking “and” at the end;

(B) in clause (ii), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

“(iii) development of a comprehensive conservation plan, as defined in section 1240L(e)(1);

“(iv) soil health planning, including planning to increase soil organic matter; and

“(v) activities that will assist a producer to adapt to, or mitigate against, increasing weather volatility.”; and

(2) in paragraph (7), by striking the period at the end and inserting the following: “through the use of—

“(A) quality criteria under a resource management system;

“(B) predictive analytics tools or models developed or approved by the Natural Resources Conservation Service;

“(C) data from past and current enrollment in the program; and

“(D) other methods that measure conservation and improvement in priority resource concerns, as determined by the Secretary.”.

(b) CONSERVATION STEWARDSHIP PROGRAM.—

(1) ESTABLISHMENT.—Subsection (a) of section 1240J of the Food Security Act of 1985 (as redesignated by section 2301(b)) is amended in the matter preceding paragraph (1) by striking “2014 through 2018” and inserting “2019 through 2023”.

(2) EXCLUSIONS.—Subsection (b)(2) of section 1240J of the Food Security Act of 1985 (as redesignated by section 2301(b)) is amended in the matter preceding paragraph (1) by striking “the Agricultural Act of 2014” and inserting the “Agriculture Improvement Act of 2018”.

(c) STEWARDSHIP CONTRACTS.—Section 1240K of the Food Security Act of 1985 (as redesignated by section 2301(b)) is amended—

(1) in subsection (b), by striking paragraph (1) and inserting the following:

“(1) RANKING OF APPLICATIONS.—

“(A) IN GENERAL.—In evaluating contract offers submitted under subsection (a) and contract renewals under subsection (e), the Secretary shall rank applications based on—

“(i) the natural resource conservation and environmental benefits that result from the conservation treatment on all applicable priority resource concerns at the time of submission of the application;

“(ii) the degree to which the proposed conservation activities increase natural resource conservation and environmental benefits; and

“(iii) other consistent criteria, as determined by the Secretary.

“(B) ADDITIONAL CRITERION.—If 2 or more applications receive the same ranking under subparagraph (A), the Secretary shall rank those contracts based on the extent to which the actual and anticipated conservation benefits from each contract are provided at the lowest cost relative to other similarly beneficial contract offers.”;

(2) in subsection (c)—

(A) by striking “the program under subsection (a)” and inserting “a contract or contract renewal under this section”;

(B) by inserting “or contract renewal” before “offer ranks”;

(C) by inserting “or contract renewal” after “stewardship contract”; and

(D) by adding “or contract renewal” before the period at the end;

(3) in subsection (d)(2)(A), by striking “1238G(d)” and inserting “1240L(c)”; and

(4) in subsection (e)—

(A) in the matter preceding paragraph (1), by striking “At the end” and all that follows through “period” the second place it appears and inserting the following: “The Secretary may provide the producer an opportunity to renew an existing contract in the first half of the fifth year of the contract period”;

(B) in paragraph (1), by striking “initial” and inserting “existing”;

(C) in paragraph (2)—

(i) by inserting “new or improved” after “integrate”;

and

(ii) by inserting “demonstrating continued improvement during the additional 5-year period,” after “operation,”; and

(D) in paragraph (3)(B), by striking “to exceed the stewardship threshold of” and inserting “to adopt or improve conservation activities, as determined by the Secretary, to achieve higher levels of performance with respect to not less than”.

(d) DUTIES OF SECRETARY.—Section 1240L of the Food Security Act of 1985 (as redesignated by section 2301(b)) is amended—

(1) in subsection (b), in the matter preceding paragraph (1), by striking “acres” and inserting “funding”;

(2) by striking subsection (c);

(3) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively;

(4) in subsection (c) (as so redesignated), by adding at the end the following:

“(5) PAYMENT FOR COVER CROP ACTIVITIES.—The amount of a payment under this subsection for cover crop activities shall be not less than 125 percent of the annual payment amount determined by the Secretary under paragraph (2).”;

(5) in subsection (d) (as so redesignated)—

(A) in the subsection heading, by inserting “AND ADVANCED GRAZING MANAGEMENT” after “ROTATIONS”;

(B) by striking paragraph (2);

(C) by redesignating paragraphs (1) and (4) as paragraphs (2) and (1), respectively, and moving the paragraphs so as to appear in numerical order;

(D) in paragraph (1) (as so redesignated)—

(i) by redesignating subparagraphs (A) through (D) and (E) as clauses (i) through (iv) and (vi), respectively, and indenting appropriately;

(ii) by striking the paragraph designation and all that follows through “the term” in the matter preceding clause (i) (as so redesignated) and inserting the following:

“(1) DEFINITIONS.—In this subsection:

“(A) **ADVANCED GRAZING MANAGEMENT.**—The term ‘advanced grazing management’ means the use of a combination of grazing practices (as determined by the Secretary), which may include management-intensive rotational grazing, that provide for—

- “(i) improved soil health and carbon sequestration;
- “(ii) drought resilience;
- “(iii) wildlife habitat;
- “(iv) wildfire mitigation;
- “(v) control of invasive plants; and
- “(vi) water quality improvement.

“(B) **MANAGEMENT-INTENSIVE ROTATIONAL GRAZING.**—The term ‘management-intensive rotational grazing’ means a strategic, adaptively managed multipasture grazing system in which animals are regularly and systematically moved to fresh pasture in a manner that—

- “(i) maximizes the quantity and quality of forage growth;
- “(ii) improves manure distribution and nutrient cycling;
- “(iii) increases carbon sequestration from greater forage harvest;
- “(iv) improves the quality and quantity of cover for wildlife;
- “(v) provides permanent cover to protect the soil from erosion; and
- “(vi) improves water quality.

“(C) **RESOURCE-CONSERVING CROP ROTATION.**—The term”; and

(iii) in subparagraph (C) (as so designated)—

(I) in clause (iv) (as so redesignated), by striking “and” at the end; and

(II) by inserting after clause (iv) (as so redesignated) the following:

“(v) builds soil organic matter; and”;

(E) in paragraph (2) (as so redesignated), by striking “improve resource-conserving” and all that follows through the period at the end and inserting the following: “improve, manage, and maintain—

“(A) resource-conserving crop rotations; or

“(B) advanced grazing management.”;

(F) in paragraph (3)—

(i) by striking “paragraph (1)” and inserting “paragraph (2)”; and

(ii) by striking “and maintain” and all that follows through the period at the end and inserting “or improve, manage, and maintain resource-conserving crop rotations or advanced grazing management for the term of the contract.”; and

(G) by adding at the end the following:

“(4) **AMOUNT OF PAYMENT.**—An additional payment provided under paragraph (2) shall be not less than 150 percent of the annual payment amount determined by the Secretary under subsection (c)(2).”;

(6) by inserting after subsection (d) (as so redesignated) the following:

“(e) **PAYMENT FOR COMPREHENSIVE CONSERVATION PLAN.**—

“(1) DEFINITION OF COMPREHENSIVE CONSERVATION PLAN.— In this subsection, the term ‘comprehensive conservation plan’ means a conservation plan that meets or exceeds the stewardship threshold for each priority resource concern identified by the Secretary under subsection (a)(2).

“(2) PAYMENT FOR COMPREHENSIVE CONSERVATION PLAN.— The Secretary shall provide a 1-time payment to a producer that develops a comprehensive conservation plan.

“(3) AMOUNT OF PAYMENT.—The Secretary shall determine the amount of payment under paragraph (2) based on—

“(A) the number of priority resource concerns addressed in the comprehensive conservation plan; and

“(B) the number of types of land uses included in the comprehensive conservation plan.”;

(7) in subsection (f), by striking “2014 through 2018” and inserting “2019 through 2023”;

(8) in subsection (h)—

(A) by striking the subsection designation and heading and all that follows through “The Secretary” and inserting the following:

“(h) ORGANIC CERTIFICATION.—

“(1) COORDINATION.—The Secretary”; and

(B) by adding at the end the following:

“(2) ALLOCATION.—

“(A) IN GENERAL.—Using funds made available for the program for each of fiscal years 2019 through 2023, the Secretary shall allocate funding to States to support organic production and transition to organic production through paragraph (1).

“(B) DETERMINATION.—The Secretary shall determine the allocation to a State under subparagraph (A) based on—

“(i) the number of certified and transitioning organic operations within the State; and

“(ii) the number of acres of certified and transitioning organic production within the State.”; and

(9) by adding at the end the following:

“(j) STREAMLINING AND COORDINATION.—To the maximum extent feasible, the Secretary shall provide for streamlined and coordinated procedures for the program and the environmental quality incentives program under subchapter A, including applications, contracting, conservation planning, conservation practices, and related administrative procedures.

“(k) SOIL HEALTH.—To the maximum extent feasible, the Secretary shall manage the program to enhance soil health.

“(l) ANNUAL REPORT.—Each fiscal year, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the payment rates for conservation activities offered to producers under the program and an analysis of whether payment rates can be reduced for the most expensive conservation activities.”.

SEC. 2309. GRASSLAND CONSERVATION INITIATIVE.

Subchapter B of chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (as added by subsections (a)(2) and (b) of section 2301) is amended by adding at the end the following:

“SEC. 1240L–1. GRASSLAND CONSERVATION INITIATIVE.16 USC
3839aa–25.

“(a) DEFINITIONS.—In this section:

“(1) ELIGIBLE LAND.—Notwithstanding sections 1240I(4) and 1240J(b)(2), the term ‘eligible land’ means cropland on a farm for which base acres have been maintained by the Secretary under section 1112(d)(3) of the Agricultural Act of 2014 (7 U.S.C. 9012(d)(3)).

“(2) INITIATIVE.—The term ‘initiative’ means the grassland conservation initiative established under subsection (b).

“(b) ESTABLISHMENT AND PURPOSE.—The Secretary shall establish within the program a grassland conservation initiative for the purpose of assisting producers in protecting grazing uses, conserving and improving soil, water, and wildlife resources, and achieving related conservation values by conserving eligible land through grassland conservation contracts under subsection (e).

“(c) ELECTION.—Beginning in fiscal year 2019, the Secretary shall provide a 1-time election to enroll eligible land in the initiative under a contract described in subsection (e).

“(d) METHOD OF ENROLLMENT.—The Secretary shall—

“(1) notwithstanding subsection (b) of section 1240K, determine under subsection (c) of that section that eligible land ranks sufficiently high under the evaluation criteria described in subsection (b) of that section; and

“(2) enroll the eligible land in the initiative under a contract described in subsection (e).

“(e) GRASSLAND CONSERVATION CONTRACT.—

“(1) IN GENERAL.—Notwithstanding section 1240K(a)(1), to enroll eligible land in the initiative under a grassland conservation contract, a producer shall agree—

“(A) to meet or exceed the stewardship threshold for not less than 1 priority resource concern by the date on which the contract expires; and

“(B) to comply with the terms and conditions of the contract.

“(2) TERMS.—A grassland conservation contract entered into under this section shall—

“(A)(i) be for a single 5-year term; and

“(ii) not be subject to renewal or reenrollment under section 1240K(e); and

“(B) be subject to section 1240K(d).

“(3) EARLY TERMINATION.—The Secretary shall allow a producer that enters into a grassland conservation contract under this section—

“(A) to terminate the contract at any time; and

“(B) to retain payments already received under the contract.

“(f) GRASSLAND CONSERVATION PLAN.—The grassland conservation plan developed for eligible land shall be limited to—

“(1) eligible land; and

“(2) resource concerns and activities relating to grassland.

“(g) PAYMENTS.—

“(1) IN GENERAL.—Beginning in fiscal year 2019, of the funds made available for this subchapter under section 1241(a)(3)(B), and notwithstanding any payment under title I of the Agriculture Improvement Act of 2018, an amendment made by that title, or section 1240L(c), the Secretary shall make annual grassland conservation contract payments to the

producer of any eligible land that is the subject of a grassland conservation contract under this section.

“(2) PAYMENT NONELIGIBILITY.—A grassland conservation contract under this section shall not be—

“(A) eligible for payments under section 1240L(d); or

“(B) subject to the payment limitations under this subchapter.

“(3) LIMITATION.—The amount of an annual payment under this subsection shall be \$18 per acre, not to exceed the number of base acres on a farm.

“(h) CONSIDERED PLANTED.—The Secretary shall consider land enrolled under a grassland conservation contract under this section during a crop year to be planted or considered planted to a covered commodity (as defined in section 1111 of the Agricultural Act of 2014 (7 U.S.C. 9011)) during that crop year.

“(i) OTHER CONTRACTS.—A producer with an agricultural operation that contains land eligible under this section and land eligible under section 1240K—

“(1) may enroll the land eligible under this section through a contract under this section or under section 1240K; and

“(2) shall not be prohibited from enrolling the land eligible under section 1240K through a contract under section 1240K.”.

Subtitle D—Other Conservation Programs

SEC. 2401. WATERSHED PROTECTION AND FLOOD PREVENTION.

(a) ASSISTANCE TO LOCAL ORGANIZATIONS.—Section 3 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1003) is amended—

(1) by striking the section designation and all that follows through “In order to assist” and inserting the following:

“SEC. 3. ASSISTANCE TO LOCAL ORGANIZATIONS.

“(a) IN GENERAL.—In order to assist”; and

(2) by adding at the end the following:

“(b) WAIVER.—The Secretary may waive the watershed plan for works of improvement if the Secretary determines that—

“(1) the watershed plan is unnecessary or duplicative; and

“(2) the works of improvement are otherwise consistent with applicable requirements under section 4.”.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 14(h)(2)(E) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012(h)(2)(E)) is amended by striking “2018” and inserting “2023”.

(c) FUNDS OF COMMODITY CREDIT CORPORATION.—The Watershed Protection and Flood Prevention Act (16 U.S.C. 1001 et seq.) is amended by adding at the end the following:

16 USC 1012a.

“SEC. 15. FUNDING.

“In addition to any other funds made available by this Act, of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this Act \$50,000,000 for fiscal year 2019 and each fiscal year thereafter.”.

SEC. 2402. SOIL AND WATER RESOURCES CONSERVATION.

The Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2001 et seq.) is amended—

(1) in section 5(e) (16 U.S.C. 2004(e)), by striking “and December 31, 2015” and inserting “December 31, 2015, and December 31, 2022”;

(2) in section 6(d) (16 U.S.C. 2005(d)), by striking “, respectively” and inserting “, and a program update shall be completed by December 31, 2023”;

(3) in section 7 (16 U.S.C. 2006)—

(A) in subsection (a), by striking “and 2016” and inserting “, 2016, and 2022”; and

(B) in subsection (b), in the matter preceding paragraph (1), by striking “and 2017” and inserting “, 2017, and 2023”; and

(4) in section 10 (16 U.S.C. 2009), by striking “2018” and inserting “2023”.

SEC. 2403. EMERGENCY CONSERVATION PROGRAM.

(a) REPAIR OR REPLACEMENT OF FENCING.—

(1) IN GENERAL.—Section 401 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201) is amended—

(A) by inserting “wildfires,” after “hurricanes,”;

(B) by striking the section designation and all that follows through “The Secretary of Agriculture” and inserting the following:

“SEC. 401. EMERGENCY CONSERVATION PROGRAM.

“(a) IN GENERAL.—The Secretary of Agriculture (referred to in this title as the ‘Secretary’); and

(C) by adding at the end the following:

“(b) REPAIR OR REPLACEMENT OF FENCING.—

“(1) IN GENERAL.—With respect to a payment to an agricultural producer under subsection (a) for the repair or replacement of fencing, the Secretary shall give the agricultural producer the option of receiving not more than 25 percent of the payment, determined by the Secretary based on the applicable percentage of the fair market value of the cost of the repair or replacement, before the agricultural producer carries out the repair or replacement.

“(2) RETURN OF FUNDS.—If the funds provided under paragraph (1) are not expended by the end of the 60-day period beginning on the date on which the agricultural producer receives those funds, the funds shall be returned within a reasonable timeframe, as determined by the Secretary.”.

(2) CONFORMING AMENDMENTS.—

(A) Sections 402, 403, 404, and 405 of the Agricultural Credit Act of 1978 (16 U.S.C. 2202, 2203, 2204, 2205) are amended by striking “Secretary of Agriculture” each place it appears and inserting “Secretary”.

(B) Section 407(a) of the Agricultural Credit Act of 1978 (16 U.S.C. 2206(a)) is amended by striking paragraph (4).

(b) COST SHARE PAYMENTS.—Title IV of the Agricultural Credit Act of 1978 is amended by inserting after section 402 (16 U.S.C. 2202) the following:

“SEC. 402A. COST-SHARE REQUIREMENT.

“(a) COST-SHARE RATE.—Subject to subsections (b) and (c), the maximum cost-share payment under sections 401 and 402 shall

16 USC 2202a.

not exceed 75 percent of the total allowable cost, as determined by the Secretary.

“(b) EXCEPTION.—Notwithstanding subsection (a), a payment to a limited resource farmer or rancher, a socially disadvantaged farmer or rancher (as defined in subsection (a) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279), or a beginning farmer or rancher under section 401 or 402 shall not exceed 90 percent of the total allowable cost, as determined by the Secretary.

“(c) LIMITATION.—The total payment under sections 401 and 402 for a single event may not exceed 50 percent of the agriculture value of the land, as determined by the Secretary.”.

(c) PAYMENT LIMITATIONS.—Title IV of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 et seq.) is amended by inserting after section 402A (as added by subsection (b)) the following:

16 USC 2202b.

“SEC. 402B. PAYMENT LIMITATION.

“The maximum payment made under the emergency conservation program to an agricultural producer under sections 401 and 402 shall not exceed \$500,000.”.

(d) WATERSHED PROTECTION PROGRAM.—Section 403 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203) is amended—

(1) by striking the section heading and inserting “**EMERGENCY WATERSHED PROGRAM**”; and

(2) in subsection (a), by inserting “watershed protection” after “emergency”.

(e) FUNDING AND ADMINISTRATION.—Section 404 of the Agricultural Credit Act of 1978 (16 U.S.C. 2204) is amended—

(1) in the fourth sentence, by striking “The Corporation” and inserting the following:

“(d) LIMITATION.—The Commodity Credit Corporation”;

(2) in the third sentence (as amended by subsection (a)(2)(A)), by striking “In implementing the provisions of” and inserting the following:

“(c) USE OF COMMODITY CREDIT CORPORATION.—In implementing”;

(3) by striking the second sentence;

(4) by striking the section designation and all that follows through “There are authorized” in the first sentence and inserting the following:

“SEC. 404. FUNDING AND ADMINISTRATION.

“(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized”;

(5) in subsection (a) (as so designated), by inserting “, to remain available until expended” before the period at the end; and

(6) by inserting after subsection (a) (as so designated) the following:

“(b) SET-ASIDE FOR FENCING.—Of the amounts made available under subsection (a) for a fiscal year, 25 percent shall be set aside until April 1 of that fiscal year for the repair or replacement of fencing.”.

SEC. 2404. CONSERVATION OF PRIVATE GRAZING LAND.

Section 1240M of the Food Security Act of 1985 (16 U.S.C. 3839bb) is amended—

(1) in subsection (c)(2), by adding at the end the following:

“(C) PARTNERSHIPS.—In carrying out the program under this section, the Secretary shall provide education and outreach activities through partnerships with—

“(i) land-grant colleges and universities (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); and

“(ii) nongovernmental organizations.”; and

(2) in subsection (e), by striking “2018” and inserting “2023”.

SEC. 2405. GRASSROOTS SOURCE WATER PROTECTION PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 1240O(b)(1) of the Food Security Act of 1985 (16 U.S.C. 3839bb–2(b)(1)) is amended by striking “2018” and inserting “2023”.

(b) AVAILABILITY OF FUNDS.—Section 1240O(b) of the Food Security Act of 1985 (16 U.S.C. 3839bb–2(b)) is amended by adding at the end the following:

“(3) ADDITIONAL FUNDING.—In addition to any other funds made available under this subsection, of the funds of the Commodity Credit Corporation, the Secretary shall use \$5,000,000 beginning in fiscal year 2019, to remain available until expended.”.

SEC. 2406. VOLUNTARY PUBLIC ACCESS AND HABITAT INCENTIVE PROGRAM.

Section 1240R of the Food Security Act of 1985 (16 U.S.C. 3839bb–5) is amended—

(1) in subsections (a) and (c), by striking “grants” each place it appears and inserting “funding”;

(2) in subsections (b) and (d)(2), by striking “a grant” each place it appears and inserting “funding”;

(3) in subsection (c)(3) (as amended by section 2202(b)(1)), by inserting “or on land covered by a wetland reserve easement under section 1265C” before “by providing”; and

(4) in subsection (f)—

(A) in paragraph (1)—

(i) by striking “2012 and” and inserting “2012,”; and

(ii) by inserting “, and \$50,000,000 for the period of fiscal years 2019 through 2023” before the period at the end;

(B) by redesignating paragraph (2) as paragraph (3);

and

(C) by inserting after paragraph (1) the following:

“(2) ENHANCED PUBLIC ACCESS TO WETLAND RESERVE EASEMENTS.—To the maximum extent practicable, of the funds made available under paragraph (1), the Secretary shall use \$3,000,000 for the period of fiscal years 2019 through 2023 to encourage public access to land covered by wetland reserve easements under section 1265C through agreements with States and tribal governments under this section.”.

SEC. 2407. WILDLIFE MANAGEMENT.

(a) IN GENERAL.—The Secretary and the Secretary of the Interior shall continue to carry out the Working Lands for Wildlife model of conservation on working landscapes, as implemented on

the day before the date of enactment of this Act, in accordance with—

(1) the document entitled “Partnership Agreement Between the United States Department of Agriculture Natural Resources Conservation Service and the United States Department of the Interior Fish and Wildlife Service”, numbered A–3A7516–937, and formalized by the Chief of the Natural Resources Conservation Service on September 15, 2016, and by the Director of the United States Fish and Wildlife Service on August 4, 2016, as in effect on September 15, 2016; and

(2) United States Fish and Wildlife Service Director’s Order No. 217, dated August 9, 2016, as in effect on August 9, 2016.

(b) **EXPANSION OF MODEL.**—The Secretary and the Secretary of the Interior may expand the conservation model described in subsection (a) through a new partnership agreement between the Farm Service Agency and the United States Fish and Wildlife Service for the purpose of carrying out conservation activities for species conservation.

(c) **EXTENSION OF PERIOD OF REGULATORY PREDICTABILITY.**—

(1) **DEFINITION OF PERIOD OF REGULATORY PREDICTABILITY.**—In this subsection, the term “period of regulatory predictability” means the period of regulatory predictability under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) initially determined in accordance with the document and order described in paragraphs (1) and (2), respectively, of subsection (a).

(2) **EXTENSION.**—After the period of regulatory predictability, on request of the Secretary, the Secretary of the Interior, acting through the Director of the United States Fish and Wildlife Service, may provide additional consultation under section 7(a)(2) of the Endangered Species Act of 1973 (16 U.S.C. 1536(a)(2)), or additional conference under section 7(a)(4) of that Act (16 U.S.C. 1536(a)(4)), as applicable, with the Chief of the Natural Resources Conservation Service or the Administrator of the Farm Service Agency, as applicable, to extend the period of regulatory predictability.

7 USC 8351 note.

SEC. 2408. FERAL SWINE ERADICATION AND CONTROL PILOT PROGRAM.

(a) **IN GENERAL.**—The Secretary shall establish a feral swine eradication and control pilot program to respond to the threat feral swine pose to agriculture, native ecosystems, and human and animal health.

(b) **DUTIES OF THE SECRETARY.**—In carrying out the pilot program, the Secretary shall—

(1) study and assess the nature and extent of damage to the pilot areas caused by feral swine;

(2) develop methods to eradicate or control feral swine in the pilot areas;

(3) develop methods to restore damage caused by feral swine; and

(4) provide financial assistance to agricultural producers in pilot areas.

(c) **ASSISTANCE.**—The Secretary may provide financial assistance to agricultural producers under the pilot program to implement methods to—

(1) eradicate or control feral swine in the pilot areas; and

(2) restore damage caused by feral swine.

(d) **COORDINATION.**—The Secretary shall ensure that the Natural Resources Conservation Service and the Animal and Plant Health Inspection Service coordinate for purposes of this section through State technical committees established under section 1261(a) of the Food Security Act of 1985 (16 U.S.C. 3861(a)).

(e) **PILOT AREAS.**—The Secretary shall carry out the pilot program in areas of States in which feral swine have been identified as a threat to agriculture, native ecosystems, or human or animal health, as determined by the Secretary.

(f) **COST SHARING.**—

(1) **FEDERAL SHARE.**—The Federal share of the costs of activities under the pilot program may not exceed 75 percent of the total costs of such activities.

(2) **IN-KIND CONTRIBUTIONS.**—The non-Federal share of the costs of activities under the pilot program may be provided in the form of in-kind contributions of materials or services.

(g) **FUNDING.**—

(1) **MANDATORY FUNDING.**—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section \$75,000,000 for the period of fiscal years 2019 through 2023.

(2) **DISTRIBUTION OF FUNDS.**—Of the funds made available under paragraph (1)—

(A) 50 percent shall be allocated to the Natural Resources Conservation Service to carry out the pilot program, including the provision of financial assistance to producers for on-farm trapping and technology related to capturing and confining feral swine; and

(B) 50 percent shall be allocated to the Animal and Plant Health Inspection Service to carry out the pilot program, including the use of established, and testing of innovative, population reduction methods.

(3) **LIMITATION ON ADMINISTRATIVE EXPENSES.**—Not more than 10 percent of funds made available under this section may be used for administrative expenses of the pilot program.

SEC. 2409. REPORT ON SMALL WETLANDS.

(a) **IN GENERAL.**—The Secretary, acting through the Chief of the Natural Resources Conservation Service, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the number of wetlands with an area not more than 1 acre that have been delineated in each of the States of North Dakota, South Dakota, Minnesota, and Iowa during fiscal years 2014 through 2018.

(b) **REQUIREMENT.**—In the report under subsection (a), the Secretary, acting through the Chief of the Natural Resources Conservation Service, shall list the number of wetlands acres in each State described in the report by tenths of an acre, and ensure the report is based on the best available science.

SEC. 2410. SENSE OF CONGRESS RELATING TO INCREASED WATERSHED-BASED COLLABORATION.

It is the sense of Congress that the Federal Government should recognize and encourage partnerships at the watershed level between nonpoint sources and regulated point sources to advance the goals of the Federal Water Pollution Control Act (33 U.S.C.

1251 et seq.) and provide benefits to farmers, landowners, and the public.

Subtitle E—Funding and Administration

SEC. 2501. COMMODITY CREDIT CORPORATION.

(a) ANNUAL FUNDING.—Section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended—

(1) in the matter preceding paragraph (1), by striking “2018 (and fiscal year 2019 in the case of the program specified in paragraph (5))” and inserting “2023”;

(2) in paragraph (1)—

(A) in subparagraph (A), by striking “\$10,000,000 for the period of fiscal years 2014 through 2018” and inserting “\$12,000,000 for the period of fiscal years 2019 through 2023”; and

(B) in subparagraph (B)—

(i) by striking “\$33,000,000 for the period of fiscal years 2014 through 2018” and inserting “\$50,000,000 for the period of fiscal years 2019 through 2023, including not more than \$5,000,000 to provide outreach and technical assistance,”; and

(ii) by striking “retired or retiring owners and operators” and inserting “contract holders”;

(3) in paragraph (2)—

(A) in subparagraph (D), by striking “and” at the end;

(B) in subparagraph (E), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(F) \$450,000,000 for each of fiscal years 2019 through 2023.”;

(4) by striking paragraph (3) and inserting the following:

“(3) The programs under chapter 4, using, to the maximum extent practicable—

“(A) for the environmental quality incentives program under subchapter A of that chapter—

“(i) \$1,750,000,000 for fiscal year 2019;

“(ii) \$1,750,000,000 for fiscal year 2020;

“(iii) \$1,800,000,000 for fiscal year 2021;

“(iv) \$1,850,000,000 for fiscal year 2022; and

“(v) \$2,025,000,000 for fiscal year 2023; and

“(B) for the conservation stewardship program under subchapter B of that chapter—

“(i) \$700,000,000 for fiscal year 2019;

“(ii) \$725,000,000 for fiscal year 2020;

“(iii) \$750,000,000 for fiscal year 2021;

“(iv) \$800,000,000 for fiscal year 2022; and

“(v) \$1,000,000,000 for fiscal year 2023.”;

(5) in paragraph (4), by inserting “(as in effect on the day before the date of enactment of the Agriculture Improvement Act of 2018), using such sums as are necessary to administer contracts entered into before that date of enactment” before the period at the end; and

(6) by striking paragraph (5).

(b) AVAILABILITY OF FUNDS.—Section 1241(b) of the Food Security Act of 1985 (16 U.S.C. 3841(b)) is amended by striking “2018

(and fiscal year 2019 in the case of the program specified in subsection (a)(5))” and inserting “2023”.

(c) REPORT ON PROGRAM ENROLLMENTS AND ASSISTANCE.—Section 1241(i) of the Food Security Act of 1985 (16 U.S.C. 3841(i)) is amended to read as follows:

“(i) REPORT ON PROGRAM ENROLLMENTS AND ASSISTANCE.—Not later than December 15 of each of calendar years 2019 through 2023, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report containing statistics by State related to enrollments in conservation programs under this title, as follows:

“(1) The annual and current cumulative activity reflecting active agreement and contract enrollment statistics.

“(2) Secretarial exceptions, waivers, and significant payments, including—

“(A) payments made under the agricultural conservation easement program for easements valued at \$250,000 or greater;

“(B) payments made under the regional conservation partnership program subject to the waiver of adjusted gross income limitations pursuant to section 1271C(c)(3);

“(C) waivers granted by the Secretary under section 1001D(b)(3);

“(D) exceptions and activity associated with section 1240B(h)(2); and

“(E) exceptions provided by the Secretary under section 1265B(b)(2)(B)(ii).”.

(d) ALLOCATIONS REVIEW AND UPDATE.—Section 1241(g) of the Food Security Act of 1985 (16 U.S.C. 3841(g)) is amended—

(1) in paragraph (1)—

(A) by striking “January” and all that follows through “shall” and inserting “1 year after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary, acting through the Chief of the Natural Resources Conservation Service and the Administrator of the Farm Service Agency, shall”;

(B) by inserting “annual” after “utilize”; and

(C) by inserting “relevant data on local natural resource concerns, resource inventories, evaluations and reports, recommendations from State technical committees established under section 1261(a),” after “accounting for”; and

(2) in paragraph (2)—

(A) by striking “that the formulas” and inserting the following: “that—

“(A) the formulas”;

(B) in subparagraph (A) (as so designated), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

“(B) to the maximum extent practicable, local natural resource concerns are considered a leading factor in determining annual funding allocation to States;

“(C) the process used at the national level to evaluate State budget proposals and to allocate funds is reviewed annually to assess the effect of allocations in addressing identified natural resource priorities and objectives; and

“(D) the allocation of funds to States addresses priority natural resource concerns and objectives.”.

(e) ASSISTANCE TO CERTAIN FARMERS OR RANCHERS FOR CONSERVATION ACCESS.—Section 1241(h) of the Food Security Act of 1985 (16 U.S.C. 3841(h)) is amended—

(1) in paragraph (1)—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and indenting appropriately;

(B) in the matter preceding clause (i) (as so redesignated), by striking “Of the funds” and inserting the following:

“(A) FISCAL YEARS 2009 THROUGH 2018.—Of the funds”; and

(C) by adding at the end the following:

“(B) FISCAL YEARS 2019 THROUGH 2023.—Of the funds made available for each of fiscal years 2019 through 2023 to carry out the environmental quality incentives program under subchapter A of chapter 4 of subtitle D and the conservation stewardship program under subchapter B of chapter 4 of subtitle D, the Secretary shall use, to the maximum extent practicable—

“(i) 5 percent to assist beginning farmers or ranchers; and

“(ii) 5 percent to assist socially disadvantaged farmers or ranchers.”;

(2) in paragraph (2), by inserting “and, in the case of fiscal years 2019 through 2023, under the conservation stewardship program under subchapter B of chapter 4 of subtitle D” before the period at the end;

(3) in paragraph (3), by striking “year, acres not obligated under paragraph (1)” and inserting “year through fiscal year 2018, acres not obligated under paragraph (1)(A)”; and

(4) in paragraph (4), by striking “subparagraph (A) or (B) of paragraph (1)” and inserting “, as applicable, clause (i) or (ii) of paragraph (1)(A) or clause (i) or (ii) of paragraph (1)(B)”.

(f) CONSERVATION STANDARDS AND REQUIREMENTS.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by adding at the end the following:

“(j) CONSERVATION STANDARDS AND REQUIREMENTS.—

“(1) IN GENERAL.—Subject to the requirements of this title, the Natural Resources Conservation Service shall serve as the lead agency in developing and establishing technical standards and requirements for conservation programs carried out under this title, including—

“(A) standards for conservation practices under this title;

“(B) technical guidelines for implementing conservation practices under this title, including the location of the conservation practices; and

“(C) standards for conservation plans.

“(2) CONSISTENCY OF FARM SERVICE AGENCY TECHNICAL STANDARDS AND PAYMENT RATES.—The Administrator of the Farm Service Agency shall ensure that—

“(A) technical standards of programs administered by the Farm Service Agency are consistent with the technical

standards established by the Natural Resources Conservation Service under paragraph (1); and

“(B) payment rates, to the extent practicable, are consistent between the Farm Service Agency and the Natural Resources Conservation Service.”.

SEC. 2502. DELIVERY OF TECHNICAL ASSISTANCE.

(a) DEFINITIONS.—Section 1242(a) of the Food Security Act of 1985 (16 U.S.C. 3842(a)) is amended to read as follows:

“(a) DEFINITIONS.—In this section:

“(1) ELIGIBLE PARTICIPANT.—The term ‘eligible participant’ means a producer, landowner, or entity that is participating in, or seeking to participate in, programs in which the producer, landowner, or entity is otherwise eligible to participate under this title or the agricultural management assistance program under section 524(b) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)).

“(2) THIRD-PARTY PROVIDER.—The term ‘third-party provider’ means a commercial entity (including a farmer cooperative, agriculture retailer, or other commercial entity (as defined by the Secretary)), a nonprofit entity, a State or local government (including a conservation district), or a Federal agency, that has expertise in the technical aspect of conservation planning, including nutrient management planning, watershed planning, or environmental engineering.”.

(b) CERTIFICATION PROCESS.—Section 1242(e) of the Food Security Act of 1985 (16 U.S.C. 3842(e)) is amended by adding at the end the following:

“(4) CERTIFICATION PROCESS.—The Secretary shall certify a third-party provider through—

“(A) a certification process administered by the Secretary, acting through the Chief of the Natural Resources Conservation Service; or

“(B) a non-Federal entity approved by the Secretary to perform the certification.

“(5) STREAMLINED CERTIFICATION.—The Secretary shall provide a streamlined certification process for a third-party provider that has an appropriate specialty certification, including a sustainability certification.”.

(c) EXPEDITED REVISION OF STANDARDS.—Section 1242(h) of the Food Security Act of 1985 (16 U.S.C. 3842(h)) is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (A) and inserting the following:

“(A) not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, complete a review of each conservation practice standard, including engineering design specifications, in effect on the day before the date of enactment of that Act;”;

(B) in subparagraph (B), by striking “and” at the end;

(C) in subparagraph (C), by striking the period at the end and inserting “; and”; and

(D) by adding at the end the following:

“(D) evaluate opportunities to increase flexibility in conservation practice standards in a manner that ensures equivalent natural resource benefits.”;

(2) in paragraph (2), by inserting “State technical committees established under section 1261(a),” before “crop consultants”; and

(3) by striking paragraph (3) and inserting the following:
 “(3) EXPEDITED REVISION OF STANDARDS.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall develop for the programs under this title an administrative process for—

“(A) expediting the establishment and revision of conservation practice standards;

“(B) considering conservation innovations and scientific and technological advancements with respect to any establishment or revision under subparagraph (A);

“(C) allowing local flexibility in the creation of—

“(i) interim practice standards and supplements to existing practice standards to address the considerations described in subparagraph (B); and

“(ii) partnership-led proposals for new and innovative techniques to facilitate implementing agreements and grants under this title; and

“(D) soliciting regular input from State technical committees established under section 1261(a) for recommendations that identify innovations or advancements described in subparagraph (B).

“(4) REPORT.—Not later than 2 years after the date of enactment of the Agriculture Improvement Act of 2018, and every 2 years thereafter, the Secretary shall submit to Congress a report on—

“(A) the administrative process developed under paragraph (3);

“(B) conservation practice standards that were established or revised under that process; and

“(C) conservation innovations that were considered under that process.”

SEC. 2503. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

(a) ACREAGE LIMITATIONS.—Section 1244(f) of the Food Security Act of 1985 (16 U.S.C. 3844(f)) is amended—

(1) in paragraph (1)(B), by striking “10” and inserting “15”; and

(2) in paragraph (5), by striking “the Agricultural Act of 2014” and inserting “the Agriculture Improvement Act of 2018”.

(b) REQUIREMENTS FOR CONSERVATION PROGRAMS.—Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844) is amended—

(1) by striking subsection (m);

(2) by redesignating subsections (j) through (l) as subsections (k) through (m), respectively; and

(3) by inserting after subsection (i) the following:

“(j) REVIEW AND GUIDANCE FOR PRACTICE COSTS AND PAYMENT RATES.—

“(1) IN GENERAL.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, and not later than October 1 of each year thereafter, the Secretary shall—

“(A) review the estimates for practice costs and rates of payments made to producers for practices on eligible land under this title; and

“(B) evaluate whether those costs and rates reflect a payment that—

“(i) encourages participation in a conservation program administered by the Secretary;

“(ii) encourages implementation of the most effective practices to address local natural resource concerns on eligible land; and

“(iii) accounts for regional, State, and local variability relating to the complexity, implementation, and adoption of practices on eligible land.

“(2) GUIDANCE; REVIEW.—The Secretary shall—

“(A) issue guidance to States to annually review and adjust the estimates for practice costs and rates of payments made to producers to reflect the evaluation factors described in paragraph (1)(B); and

“(B) determine the appropriate practice costs and rates of payments for each State by—

“(i) annually reviewing each conservation program payment schedule and payment rate used in the State; and

“(ii) consulting with the State technical committee established under section 1261(a) in that State.”.

(c) FUNDING FOR INDIAN TRIBES.—Section 1244(m) of the Food Security Act of 1985 (as redesignated by subsection (b)(2)) is amended—

(1) by striking “may” and inserting “shall”;

(2) by striking “that the goals” and inserting the following:

“that—

“(1) the goals”;

(3) in paragraph (1) (as so designated), by striking “arrangements, and that statutory” and inserting the following: “arrangements;

“(2) a sufficient number of eligible participants will be aggregated under the alternative funding arrangement to accomplish the underlying purposes and objectives of the applicable program; and

“(3) statutory”; and

(4) in paragraph (3) (as so designated), by striking the period at the end and inserting “, except that the Secretary may approve a waiver if the Secretary is authorized to approve a waiver under the statutory authority of the applicable program.”.

(d) SOURCE WATER PROTECTION THROUGH TARGETING OF AGRICULTURAL PRACTICES.—Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844) (as amended by subsection (b)) is amended by adding at the end the following:

“(n) SOURCE WATER PROTECTION THROUGH TARGETING OF AGRICULTURAL PRACTICES.—

“(1) IN GENERAL.—In carrying out any conservation program administered by the Secretary, the Secretary shall encourage practices that relate to water quality and water quantity that protect source water for drinking water (including protecting against public health threats) while also benefitting agricultural producers.

“(2) COLLABORATION WITH WATER SYSTEMS AND INCREASED INCENTIVES.—

“(A) IN GENERAL.—In encouraging practices under paragraph (1), the Secretary shall—

“(i) work collaboratively with community water systems and State technical committees established under section 1261(a) to identify, in each State, local priority areas for the protection of source waters for drinking water; and

“(ii) subject to subparagraph (B), for practices described in paragraph (1), offer to producers increased incentives and higher payment rates than are otherwise statutorily authorized by the applicable conservation program administered by the Secretary.

“(B) LIMITATION.—An increased payment under subparagraph (A)(ii) shall not exceed 90 percent of practice costs associated with planning, design, materials, equipment, installation, labor, management, maintenance, or training.

“(3) RESERVATION OF FUNDS.—

“(A) IN GENERAL.—In each of fiscal years 2019 through 2023, the Secretary shall use to carry out this subsection not less than 10 percent of any funds available for conservation programs administered by the Secretary under this title (other than the conservation reserve program established under subchapter B of chapter 1 of subtitle D).

“(B) LIMITATION.—Funds available for a specific conservation program shall not be transferred to fund a different conservation program under this title.”

(e) ENVIRONMENTAL SERVICES MARKET.—Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844) (as amended by subsection (d)) is amended by adding at the end the following:

“(o) ENVIRONMENTAL SERVICES MARKET.—The Secretary may not prohibit, through a contract, easement, or agreement under this title, a participant in a conservation program administered by the Secretary under this title from participating in, and receiving compensation from, an environmental services market if 1 of the purposes of the market is the facilitation of additional conservation benefits that are consistent with the purposes of the conservation program administered by the Secretary.”

(f) REGULATORY CERTAINTY.—Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844) (as amended by subsection (e)) is amended by adding at the end the following:

“(p) REGULATORY CERTAINTY.—

“(1) IN GENERAL.—In addition to technical and programmatic information that the Secretary is otherwise authorized to provide, on request of a Federal agency, a State, an Indian tribe, or a unit of local government, the Secretary may provide technical and programmatic information—

“(A) subject to paragraph (2), to the Federal agency, State, Indian tribe, or unit of local government to support specifically the development of mechanisms that would provide regulatory certainty, regulatory predictability, safe harbor protection, or other similar regulatory assurances to a farmer, rancher, or private nonindustrial forest landowner under a regulatory requirement—

“(i) that relates to soil, water, or wildlife; and

“(ii) over which that Federal agency, State, Indian tribe, or unit of local government has authority; and
“(B) relating to conservation practices or activities that could be implemented by a farmer, rancher, or private nonindustrial forest landowner to address a targeted soil, water, or wildlife resource concern that is the direct subject of a regulatory requirement enforced by that Federal agency, State, Indian tribe, or unit of local government, as applicable.

“(2) MECHANISMS.—The Secretary shall only provide additional technical and programmatic information under paragraph (1) if the mechanisms to be developed by the Federal agency, State, Indian tribe, or unit of local government, as applicable, under paragraph (1)(A) are anticipated to include, at a minimum—

“(A) the implementation of 1 or more conservation practices or activities that effectively addresses the soil, water, or wildlife resource concern identified under paragraph (1);

“(B) the on-site confirmation that the applicable conservation practices or activities identified under subparagraph (A) have been implemented;

“(C) a plan for a periodic audit, as appropriate, of the continued implementation or maintenance of each of the conservation practices or activities identified under subparagraph (A); and

“(D) notification to a farmer, rancher, or private nonindustrial forest landowner of, and an opportunity to correct, any noncompliance with a requirement to obtain regulatory certainty, regulatory predictability, safe harbor protection, or other similar regulatory assurance.

“(3) CONTINUING CURRENT COLLABORATION ON SOIL, WATER, OR WILDLIFE CONSERVATION PRACTICES.—The Secretary shall—

“(A) continue collaboration with Federal agencies, States, Indian tribes, or local units of government on existing regulatory certainty, regulatory predictability, safe harbor protection, or other similar regulatory assurances in accordance with paragraph (2); and

“(B) continue collaboration with the Secretary of the Interior on consultation under section 7(a)(2) of the Endangered Species Act of 1973 (16 U.S.C. 1536(a)(2)) or conference under section 7(a)(4) of that Act (16 U.S.C. 1536(a)(4)), as applicable, for wildlife conservation efforts, including the Working Lands for Wildlife model of conservation on working landscapes, as implemented on the day before the date of enactment of the Agriculture Improvement Act of 2018, in accordance with—

“(i) the document entitled ‘Partnership Agreement Between the United States Department of Agriculture Natural Resources Conservation Service and the United States Department of the Interior Fish and Wildlife Service’, numbered A–3A75–16–937, and formalized by the Chief of the Natural Resources Conservation Service on September 15, 2016, and by the Director of the United States Fish and Wildlife Service on August 4, 2016, as in effect on September 15, 2016; and

- “(ii) United States Fish and Wildlife Service Director’s Order No. 217, dated August 9, 2016, as in effect on August 9, 2016.
- “(4) SAVINGS CLAUSE.—Nothing in this subsection—
- “(A) preempts, displaces, or supplants any authority or right of a Federal agency, a State, an Indian tribe, or a unit of local government;
- “(B) modifies or otherwise affects, preempts, or displaces—
- “(i) any cause of action; or
- “(ii) a provision of Federal or State law establishing a remedy for a civil or criminal cause of action; or
- “(C) applies to a case in which the Department of Agriculture is the originating agency requesting a consultation or other technical and programmatic information or assistance from another Federal agency in assisting farmers, ranchers, or nonindustrial private forest landowners participating in a conservation program administered by the Secretary.”.

16 USC 3801
note.

SEC. 2504. TEMPORARY ADMINISTRATION OF CONSERVATION PROGRAMS.

(a) INTERIM ADMINISTRATION.—Subject to subsection (d), the Secretary shall use the applicable regulations in effect on the day before the date of enactment of this Act, to the extent that the terms and conditions of those regulations are consistent with the amendments made by this title, to carry out the programs under laws as amended by this title, including—

(1) the conservation reserve program under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.) (as amended by subtitle B);

(2) the environmental quality incentives program under subchapter A of chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq) (as added by section 2301(a)(1) and amended by subtitle C);

(3) the conservation stewardship program under subchapter B of chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (as added by subsections (a)(2) and (b) of section 2301 and amended by subtitle C); and

(4) the agricultural conservation easement program established under subtitle H of title XII of the Food Security Act of 1985 (16 U.S.C. 3865 et seq.) (as amended by subtitle F).

(b) REGIONAL CONSERVATION PARTNERSHIP PROGRAM.—Notwithstanding subsection (e) of section 1271E of the Food Security Act of 1985 (16 U.S.C. 3871e) (as amended by section 2706), and subject to subsection (d), for fiscal year 2019, the Secretary may use an availability of program funding announcement consistent with the amendments made by subtitle G to carry out the regional conservation partnership program under subtitle I of title XII of the Food Security Act of 1985 (16 U.S.C. 3871 et seq.) without issuing a regulation.

(c) FUNDING.—The Secretary may only use funds authorized to be made available by this title or the amendments made by this title for the specific programs described in paragraphs (1) through (4) of subsection (a) and subsection (b), in accordance

with any restrictions on the use of those funds, for the purposes described in subsections (a) and (b).

(d) **TERMINATION OF AUTHORITY.**—The authority of the Secretary to carry out subsections (a) and (b) shall terminate on September 30, 2019.

(e) **PERMANENT ADMINISTRATION.**—Effective beginning on the termination date described in subsection (d), the Secretary shall carry out this title and the amendments made by this title in accordance with such final regulations as the Secretary considers necessary to carry out this title and the amendments made by this title.

Subtitle F—Agricultural Conservation Easement Program

SEC. 2601. ESTABLISHMENT AND PURPOSES.

Section 1265(b) of the Food Security Act of 1985 (16 U.S.C. 3865(b)) is amended—

(1) in paragraph (3), by inserting “that negatively affect the agricultural uses and conservation values” after “that land”; and

(2) in paragraph (4), by striking “restoring and” and inserting “restoring or”.

SEC. 2602. DEFINITIONS.

Section 1265A of the Food Security Act of 1985 (16 U.S.C. 3865a) is amended—

(1) in paragraph(1)(B), by striking “subject to an agricultural land easement plan, as approved by the Secretary”;

(2) by redesignating paragraphs (2), (3), (4), and (5) as paragraphs (3), (4), (6), and (7), respectively;

(3) by inserting after paragraph (1) the following:

“(2) **BUY-PROTECT-SELL TRANSACTION.**—

“(A) **IN GENERAL.**—The term ‘buy-protect-sell transaction’ means a legal arrangement—

“(i) between an eligible entity and the Secretary relating to land that an eligible entity owns or is going to purchase prior to acquisition of an agricultural land easement;

“(ii) under which the eligible entity certifies to the Secretary that the eligible entity shall—

“(I)(aa) hold an agricultural land easement on that land, but transfer ownership of the land to a farmer or rancher that is not an eligible entity prior to or on acquisition of the agricultural land easement; or

“(bb) hold an agricultural land easement on that land, but transfer ownership of the land to a farmer or rancher that is not an eligible entity in a timely manner and, subject to subparagraph (B), not later than 3 years after the date of acquisition of the agricultural land easement; and

“(II) make an initial sale of the land subject to the agricultural land easement to a farmer or rancher at not more than agricultural value, plus any reasonable holding and transaction costs

incurred by the eligible entity, as determined by the Secretary; and

“(iii) under which the Secretary shall be reimbursed for the entirety of the Federal share of the cost of the agricultural land easement by the eligible entity if the eligible entity fails to transfer ownership under item (aa) or (bb), as applicable, of clause (ii)(I).

“(B) TIME EXTENSION.—Under subparagraph (A)(ii)(I)(bb), an eligible entity may transfer land later than 3 years after the date of acquisition of the agricultural land easement if the Secretary determines an extension of time is justified.”;

(4) in paragraph (4) (as so redesignated)—

(A) in subparagraph (A)(i)—

(i) by striking “to a” and inserting the following:

“to—

“(I) a”;

(ii) in subclause (I) (as so designated), by adding “or” at the end; and

(iii) by adding at the end the following:

“(II) a buy-protect-sell transaction.”; and

(B) in subparagraph (B)(i)(II), by striking “, as determined by the Secretary in consultation with the Secretary of the Interior at the local level”; and

(5) by inserting after paragraph (4) (as so redesignated) the following:

“(5) MONITORING REPORT.—The term ‘monitoring report’ means a report, the contents of which are formulated and prepared by the holder of an agricultural land easement, that accurately documents whether the land subject to the agricultural land easement is in compliance with the terms and conditions of the agricultural land easement.”.

SEC. 2603. AGRICULTURAL LAND EASEMENTS.

(a) AVAILABILITY OF ASSISTANCE.—Section 1265B(a) of the Food Security Act of 1985 (16 U.S.C. 3865b(a)) is amended—

(1) in paragraph (1), by striking “and” at the end;

(2) in paragraph (2), by striking “provide for the conservation of natural resources pursuant to an agricultural land easement plan.” and inserting “implement the program, including technical assistance for the development of a conservation plan under subsection (b)(4)(C)(iv); and”;

(3) by adding at the end the following:

“(3) buy-protect-sell transactions.”.

(b) COST-SHARE ASSISTANCE.—

(1) SCOPE OF ASSISTANCE AVAILABLE.—Section 1265B(b)(2) of the Food Security Act of 1985 (16 U.S.C. 3865b(b)(2)) is amended—

(A) in subparagraph (B), by striking clause (ii) and inserting the following:

“(ii) GRASSLANDS EXCEPTION.—In the case of grassland of special environmental significance, as determined by the Secretary, the Secretary may provide an amount not to exceed 75 percent of the fair market value of the agricultural land easement.

“(iii) PERMISSIBLE FORMS.—The non-Federal share provided by an eligible entity under this subparagraph may comprise—

“(I) cash resources;

“(II) a charitable donation or qualified conservation contribution (as defined in section 170(h) of the Internal Revenue Code of 1986) from the private landowner from which the agricultural land easement will be purchased;

“(III) costs associated with securing a deed to the agricultural land easement, including the cost of appraisal, survey, inspection, and title; and

“(IV) other costs, as determined by the Secretary.”; and

(B) by striking subparagraph (C).

(2) EVALUATION AND RANKING OF APPLICATIONS.—Section 1265B(b)(3) of the Food Security Act of 1985 (16 U.S.C. 3865b(b)(3)) is amended—

(A) by redesignating subparagraph (C) as subparagraph (E); and

(B) by inserting after subparagraph (B) the following:

“(C) ACCOUNTING FOR GEOGRAPHIC DIFFERENCES.—The Secretary may adjust the criteria established under subparagraph (A) to account for geographic differences, if the adjustments—

“(i) meet the purposes of the program; and

“(ii) continue to maximize the benefit of the Federal investment under the program.

“(D) PRIORITY.—In evaluating applications under the program, the Secretary may give priority to an application for the purchase of an agricultural land easement that, as determined by the Secretary, maintains agricultural viability.”.

(3) AGREEMENTS WITH ELIGIBLE ENTITIES.—Section 1265B(b)(4) of the Food Security Act of 1985 (16 U.S.C. 3865b(b)(4)) is amended—

(A) in subparagraph (C), by striking clauses (iii) and (iv) and inserting the following:

“(iii) include a right of enforcement for the Secretary that—

“(I) may be used only if the terms and conditions of the easement are not enforced by the eligible entity; and

“(II) does not extend to a right of inspection unless—

“(aa)(AA) the holder of the easement fails to provide monitoring reports in a timely manner; or

“(BB) the Secretary has a reasonable and articulable belief that the terms and conditions of the easement have been violated; and

“(bb) prior to the inspection, the Secretary notifies the eligible entity and the landowner of the inspection and provides a reasonable opportunity for the eligible entity and the landowner to participate in the inspection;

“(iv) include a conservation plan only for any portion of the land subject to the agricultural land easement that is highly erodible cropland; and”;

(B) by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively; and

(C) by inserting after subparagraph (C) the following:

“(D) ADDITIONAL PERMITTED TERMS AND CONDITIONS.—An eligible entity may include terms and conditions for an agricultural land easement that—

“(i) are intended to keep the land subject to the agricultural land easement under the ownership of a farmer or rancher, as determined by the Secretary;

“(ii) allow subsurface mineral development on the land subject to the agricultural land easement and in accordance with applicable State law if, as determined by the Secretary—

“(I) the subsurface mineral development—

“(aa) has a limited and localized impact;

“(bb) does not harm the agricultural use and conservation values of the land subject to the easement;

“(cc) does not materially alter or affect the existing topography;

“(dd) shall comply with a subsurface mineral development plan that—

“(AA) includes a plan for the remediation of impacts to the agricultural use and conservation values of the land subject to the easement; and

“(BB) is approved by the Secretary prior to the initiation of mineral development activity;

“(ee) is not accomplished by any surface mining method;

“(ff) is within the impervious surface limits of the easement under subparagraph (C)(v); and

“(gg) uses practices and technologies that minimize the duration and intensity of impacts to the agricultural use and conservation values of the land subject to the easement; and

“(II) each area impacted by the subsurface mineral development shall be reclaimed and restored by the holder of the mineral rights at cessation of operation; and

“(iii) include other relevant activities relating to the agricultural land easement, as determined by the Secretary.”.

(4) CERTIFICATION OF ELIGIBLE ENTITIES.—Section 1265B(b)(5) of the Food Security Act of 1985 (16 U.S.C. 3865b(b)(5)) is amended—

(A) in subparagraph (A)—

(i) in clause (ii), by striking “; and” and inserting a semicolon;

(ii) in clause (iii), by striking the period at the end and inserting “; and”;

(iii) by adding at the end the following:

“(iv) allow a certified eligible entity to use its own terms and conditions, notwithstanding paragraph (4)(C), as long as the terms and conditions are consistent with the purposes of the program.”; and

(B) in subparagraph (B)—

(i) in clause (iii), by redesignating subclauses (I) through (III) as items (aa) through (cc), respectively, and indenting appropriately;

(ii) by redesignating clauses (i) through (iii) as subclauses (I) through (III), respectively, and indenting appropriately;

(iii) in the matter preceding subclause (I) (as so redesignated), by striking “entity will” and inserting the following: “eligible entity—

“(i) will”;

(iv) in clause (i)(III)(cc) (as so redesignated), by striking the period at the end and inserting a semicolon; and

(v) by adding at the end the following:

“(ii) has—

“(I) been accredited by the Land Trust Accreditation Commission, or by an equivalent accrediting body, as determined by the Secretary;

“(II) acquired not fewer than 10 agricultural land easements under the program or any predecessor program; and

“(III) successfully met the responsibilities of the eligible entity under the applicable agreements with the Secretary, as determined by the Secretary, relating to agricultural land easements that the eligible entity has acquired under the program or any predecessor program; or

“(iii) is a State department of agriculture or other State agency with statutory authority for farm and ranchland protection that has—

“(I) acquired not fewer than 10 agricultural land easements under the program or any predecessor program; and

“(II) successfully met the responsibilities of the eligible entity under the applicable agreements with the Secretary, as determined by the Secretary, relating to agricultural land easements that the eligible entity has acquired under the program or any predecessor program.”.

(5) TECHNICAL ASSISTANCE.—Section 1265B of the Food Security Act of 1985 (16 U.S.C. 3865b) is amended by striking subsection (d) and inserting the following:

“(d) TECHNICAL ASSISTANCE.—The Secretary may provide technical assistance, if requested, to assist in compliance with the terms and conditions of easements.”.

SEC. 2604. WETLAND RESERVE EASEMENTS.

Section 1265C of the Food Security Act of 1985 (16 U.S.C. 3865c) is amended—

(1) in subsection (b)—

(A) in paragraph (3)(C), by inserting “or improving water quality” before the period at the end; and

(B) in paragraph (5)—

(i) in subparagraph (C)—

(I) by striking “Land subject” and inserting the following:

“(i) IN GENERAL.—Land subject”;

(II) in clause (i) (as so designated), by inserting “water management,” after “timber harvest,”; and

(III) by adding at the end the following:

“(ii) COMPATIBLE USE AUTHORIZATION.—In evaluating and authorizing a compatible economic use under clause (i), the Secretary shall—

“(I) request and consider the advice of the applicable State technical committee established under section 1261(a) about the 1 or more types of uses that may be authorized to be conducted on land subject to a wetland reserve easement, including the frequency, timing, and intensity of those uses;

“(II) consider the ability of an authorized use to facilitate the practical administration and management of that land; and

“(III) ensure that an authorized use furthers the functions and values for which the wetland reserve easement was established.”; and

(ii) in subparagraph (D)(i)(III), by inserting after “under subsection (f)” the following: “or a grazing reserve easement plan and has been reviewed, and modified as necessary, at least every 5 years”; and

(2) in subsection (f)—

(A) by striking paragraph (1) and inserting the following:

“(1) WETLAND RESERVE EASEMENT PLAN.—

“(A) IN GENERAL.—The Secretary shall develop a wetland reserve easement plan—

“(i) for any eligible land subject to a wetland reserve easement; and

“(ii) that restores, protects, enhances, manages, maintains, and monitors the eligible land subject to the wetland reserve easements acquired under this section.

“(B) PRACTICES AND ACTIVITIES.—A wetland reserve easement plan under subparagraph (A) shall include practices and activities, including repair or replacement, that are necessary to restore and maintain the enrolled land and the functions and values of the wetland subject to a wetland reserve easement.”;

(B) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(C) by inserting after paragraph (1) the following:

“(2) ALTERNATIVE PLANT COMMUNITIES.—The Secretary, in coordination with State technical committees established under section 1261(a) and pursuant to State-specific criteria and guidelines, may authorize the establishment or restoration of a hydrologically appropriate native community or alternative naturalized vegetative community as part of a wetland reserve easement plan on land subject to a wetland reserve easement

if that hydrologically appropriate native or alternative naturalized vegetative community shall—

“(A) substantially support or benefit migratory waterfowl or other wetland wildlife; or

“(B) meet local resource concerns or needs (including as an element of a regional, State, or local wildlife initiative or plan).”.

SEC. 2605. ADMINISTRATION.

Section 1265D of the Food Security Act of 1985 (16 U.S.C. 3865d) is amended—

(1) in paragraph (a)(4), by striking “proposed” and inserting “permitted”;

(2) by striking subsection (c) and inserting the following:

“(c) SUBORDINATION, EXCHANGE, MODIFICATION, AND TERMINATION.—

“(1) SUBORDINATION.—The Secretary may subordinate any interest in land, or portion of such interest, administered by the Secretary (including for the purposes of utilities and energy transmission services) either directly or on behalf of the Commodity Credit Corporation under the program if the Secretary determines that the subordination—

“(A) increases conservation values or has a limited negative effect on conservation values;

“(B) minimally affects the acreage subject to the interest in land; and

“(C) is in the public interest or furthers the practical administration of the program.

“(2) MODIFICATION AND EXCHANGE.—

“(A) AUTHORITY.—The Secretary may approve a modification or exchange of any interest in land, or portion of such interest, administered by the Secretary, either directly or on behalf of the Commodity Credit Corporation under the program if the Secretary determines that—

“(i) no reasonable alternative exists and the effect on the interest in land is avoided or minimized to the extent practicable; and

“(ii) the modification or exchange—

“(I) results in equal or increased conservation values;

“(II) results in equal or greater economic value to the United States;

“(III) is consistent with the original intent of the easement;

“(IV) is consistent with the purposes of the program; and

“(V) is in the public interest or furthers the practical administration of the program.

“(B) LIMITATION.—In modifying or exchanging an interest in land, or portion of such interest, under this paragraph, the Secretary may not increase any payment to an eligible entity.

“(3) TERMINATION.—The Secretary may approve a termination of any interest in land, or portion of such interest, administered by the Secretary, directly or on behalf of the Commodity Credit Corporation under the program if the Secretary determines that—

“(A) termination is in the interest of the Federal Government;

“(B) the United States will be fully compensated for—

“(i) the fair market value of the interest in land;

“(ii) any costs relating to the termination; and

“(iii) any damages determined appropriate by the Secretary; and

“(C) the termination will—

“(i) address a compelling public need for which there is no practicable alternative even with avoidance and minimization; and

“(ii) further the practical administration of the program.

“(4) CONSENT.—The Secretary shall obtain consent from the landowner and eligible entity, if applicable, for any subordination, exchange, modification, or termination of interest in land, or portion of such interest, under this subsection.

“(5) NOTICE.—At least 90 days before taking any termination action described in paragraph (3), the Secretary shall provide written notice of such action to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.”; and

(3) in subsection (d)—

(A) in paragraph (1), by striking “transferred into the program” and inserting “enrolled in an easement under section 1265C(b)”; and

(B) by adding at the end the following:

“(3) AGRICULTURAL LAND EASEMENTS.—A farmer or rancher who owns eligible land subject to an agricultural land easement may enter into a contract under subchapter B of chapter 1 of subtitle D.”.

Subtitle G—Regional Conservation Partnership Program

SEC. 2701. ESTABLISHMENT AND PURPOSES.

Section 1271 of the Food Security Act of 1985 (16 U.S.C. 3871) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by inserting “, including partnership agreements funded through alternative funding arrangements or grant agreements under section 1271C(d),” after “partnership agreements”; and

(B) in paragraph (2), by striking “contracts with producers” and inserting “program contracts with producers”; and

(2) in subsection (b)—

(A) in paragraph (1), in the matter preceding subparagraph (A), by striking “use covered programs” and inserting “carry out eligible activities”; and

(B) by striking paragraph (2) and inserting the following:

“(2) To further the conservation, protection, restoration, and sustainable use of soil, water (including sources of drinking water and groundwater), wildlife, agricultural land, and related

natural resources on eligible land on a regional or watershed scale.”;

(C) in paragraph (3)—

(i) in subparagraph (A), by inserting “, including through alignment of partnership projects with other national, State, and local agencies and programs addressing similar natural resource or environmental concerns” after “eligible land”; and

(ii) in subparagraph (B), by striking “installation” and inserting “adoption, installation,”; and

(D) by adding at the end the following:

“(4) To encourage the flexible and streamlined delivery of conservation assistance to producers through partnership agreements.

“(5) To engage producers and eligible partners in conservation projects to achieve greater conservation outcomes and benefits for producers than would otherwise be achieved.”.

SEC. 2702. DEFINITIONS.

Section 1271A of the Food Security Act of 1985 (16 U.S.C. 3871a) is amended—

(1) in paragraph (1)—

(A) in subparagraph (C), by inserting “, not including the grassland conservation initiative under section 1240L–1” before the period at the end; and

(B) by adding at the end the following:

“(E) The conservation reserve program established under subchapter B of chapter 1 of subtitle D.

“(F) The programs established by the Secretary to carry out the Watershed Protection and Flood Prevention Act (16 U.S.C. 1001 et seq.), except for any program established by the Secretary to carry out section 14 (16 U.S.C. 1012) of that Act.”;

(2) by striking paragraphs (2) and (3) and inserting the following:

“(2) ELIGIBLE ACTIVITY.—The term ‘eligible activity’ means a practice, activity, agreement, easement, or related conservation measure that is available under the statutory authority for a covered program.

“(3) ELIGIBLE LAND.—The term ‘eligible land’ means any agricultural or nonindustrial private forest land or associated land on which the Secretary determines an eligible activity would help achieve conservation benefits.”;

(3) in paragraph (4)—

(A) in subparagraph (E), by inserting “acequia,” after “irrigation district,”; and

(B) by adding at the end the following:

“(I) An organization described in section 1265A(3)(B).

“(J) A conservation district.”;

(4) by striking paragraph (5) and inserting the following:

“(5) PARTNERSHIP AGREEMENT.—The term ‘partnership agreement’ means the programmatic agreement entered into between the Secretary and an eligible partner, subject to the terms and conditions under section 1271B.”; and

(5) by adding at the end the following:

“(7) PROGRAM CONTRACT.—

“(A) IN GENERAL.—The term ‘program contract’ means the contract between the Secretary and a producer entered into under this subtitle.

“(B) EXCLUSION.—The term ‘program contract’ does not include a contract under a covered program.”.

SEC. 2703. REGIONAL CONSERVATION PARTNERSHIPS.

Section 1271B of the Food Security Act of 1985 (16 U.S.C. 3871b) is amended—

(1) by striking subsection (b) and inserting the following:

“(b) LENGTH.—

“(1) IN GENERAL.—A partnership agreement shall be—

“(A) for a period not to exceed 5 years; or

“(B) for a period that is longer than 5 years, if the longer period is necessary to meet the objectives of the program, as determined by the Secretary.

“(2) RENEWAL.—A partnership agreement may be renewed under subsection (e)(5) for a period not to exceed 5 years.

“(3) EXTENSION.—A partnership agreement, or any renewal of a partnership agreement, may each be extended 1 time for a period not longer than 12 months, as determined by the Secretary.”;

(2) in subsection (c)—

(A) in paragraph (1)—

(i) in subparagraph (A)—

(I) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; and

(II) by striking clauses (i) and (ii) and inserting the following:

“(i) 1 or more conservation benefits that the project shall achieve;

“(ii) the eligible activities on eligible land to be conducted under the project to achieve conservation benefits;

“(iii) the implementation timeline for carrying out the project, including any interim milestones.”;

(ii) in subparagraph (D), by striking “funds” and inserting “contributions”; and

(iii) in subparagraph (E), by striking “of the project’s effects; and” and inserting the following: “of—

“(i) the progress made by the project in achieving each conservation benefit defined in the partnership agreement, including in a quantified form to the extent practicable; and

“(ii) as appropriate, other outcomes of the project; and”;

(B) in paragraph (2)—

(i) by striking “An eligible” and inserting the following:

“(A) IN GENERAL.—An eligible”; and

(ii) by adding at the end the following:

“(B) FORM.—A contribution of an eligible partner under this paragraph may be in the form of—

“(i) direct funding;

“(ii) in-kind support; or

“(iii) a combination of direct funding and in-kind support.

“(C) TREATMENT.—Any amounts expended during the period beginning on the date on which the Secretary announces the approval of an application under subsection (e) and ending on the day before the effective date of the partnership agreement by an eligible partner for staff salaries or development of the partnership agreement may be considered to be a part of the contribution of the eligible partner under this paragraph.”;

(3) by redesignating subsection (d) as subsection (e);

(4) by inserting after subsection (c) the following:

“(d) DUTIES OF SECRETARY.—The Secretary shall—

“(1) establish a timeline for carrying out the duties of the Secretary under a partnership agreement, including—

“(A) entering into program contracts with producers;

“(B) providing financial assistance to producers; and

“(C) in the case of a partnership agreement that is funded through an alternative funding arrangement or grant agreement under section 1271C(d), providing the payments to the eligible partner for carrying out eligible activities;

“(2) identify in each State a program coordinator for the State, who shall be responsible for providing assistance to eligible partners under the program;

“(3) establish guidance to assist eligible partners with carrying out the assessment required under subsection (c)(1)(E);

“(4) provide to each eligible partner that has entered into a partnership agreement that is not funded through an alternative funding arrangement or grant agreement under section 1271C(d)—

“(A) a semiannual report describing the status of each pending and obligated contract under the project of the eligible partner; and

“(B) an annual report describing how the Secretary used amounts reserved by the Secretary for that year for technical assistance under section 1271D(f); and

“(5) ensure that any eligible activity effectively achieves the conservation benefits identified in the partnership agreement under subsection (c)(1)(A)(i).”;

(5) in subsection (e) (as redesignated by paragraph (3))—

(A) in paragraph (1), by inserting “simplified” after “conduct a”;

(B) in paragraph (3)—

(i) by striking the paragraph designation and heading and all that follows through “description of—” and inserting the following:

“(3) CONTENTS.—The Secretary shall develop a simplified application that includes a description of—”;

(ii) in subparagraph (C), by striking “, including the covered programs to be used”; and

(iii) in subparagraph (D), by striking “financial”;

(C) in paragraph (4)—

(i) by striking subparagraph (D);

(ii) by redesignating subparagraphs (E) and (F) as subparagraphs (G) and (H), respectively; and

(iii) by inserting after subparagraph (C) the following:

“(D) build new partnerships with local, State, and private entities to include a diversity of stakeholders in the project;

“(E) deliver a high percentage of applied conservation—
“(i) to achieve conservation benefits; or

“(ii) in the case of a project in a critical conservation area under section 1271F, to address the priority resource concern for that critical conservation area;

“(F) implement the project consistent with existing watershed, habitat, or other area restoration plans;”;

(D) by adding at the end the following:

“(5) RENEWALS.—If the Secretary determines that a project that is the subject of a partnership agreement has met or exceeded the objectives of the project, the Secretary may renew the partnership agreement through an expedited noncompetitive process if the 1 or more eligible partners that are parties to the partnership agreement request the renewal in order—

“(A) to continue to implement the project under a renewal of the partnership agreement; or

“(B) to expand the scope of the project under a renewal of the partnership agreement, as long as the expansion is within the objectives and purposes of the original partnership agreement.”;

(6) by adding at the end the following:

“(f) NONAPPLICABILITY OF ADJUSTED GROSS INCOME LIMITATION.—The adjusted gross income limitation described in section 1001D(b)(1) shall not apply to an eligible partner under the program.”.

SEC. 2704. ASSISTANCE TO PRODUCERS.

Section 1271C of the Food Security Act of 1985 (16 U.S.C. 3871c) is amended—

(1) by striking subsections (a) and (b) and inserting the following:

“(a) IN GENERAL.—A producer may receive financial or technical assistance to conduct eligible activities on eligible land through a program contract entered into with the Secretary.

“(b) PROGRAM CONTRACTS.—

“(1) IN GENERAL.—The Secretary shall establish a program contract to be entered into with a producer to conduct eligible activities on eligible land, subject to such terms and conditions as the Secretary may establish.

“(2) APPLICATION BUNDLES.—

“(A) IN GENERAL.—An eligible partner may submit to the Secretary, on behalf of producers, a bundle of applications for assistance under the program through program contracts to address a substantial portion of the conservation benefits to be achieved by the project, as defined in the partnership agreement.

“(B) PRIORITY.—The Secretary may give priority to applications described in subparagraph (A).”;

(2) in subsection (c)—

(A) in paragraph (1), by striking “In accordance with statutory requirements of the covered programs involved, the Secretary may make payments to a producer” and inserting “Subject to section 1271D, the Secretary may make payments to a producer”; and

(B) in paragraph (3), by striking “participating”; and
 (3) by adding at the end the following:

“(d) FUNDING THROUGH ALTERNATIVE FUNDING ARRANGEMENTS OR GRANT AGREEMENTS.—

“(1) IN GENERAL.—A partnership agreement entered into with an eligible partner may be funded through an alternative funding arrangement or grant in accordance with this subsection.

“(2) DUTIES OF THE SECRETARY.—The Secretary shall—

“(A) under a funding agreement under paragraph (1)—

“(i) use funding made available to carry out this subtitle to provide funding directly to the eligible partner; and

“(ii) provide technical and administrative assistance, as mutually agreed by the parties; and

“(B) enter into not more than 15 alternative funding arrangements or grant agreements with 1 or more eligible partners each fiscal year.

“(3) DUTIES OF ELIGIBLE PARTNERS.—Under a funding agreement under paragraph (1), the eligible partner shall—

“(A) carry out eligible activities on eligible land in agreement with producers to achieve conservation benefits on a regional or watershed scale, such as—

“(i) infrastructure investments relating to agricultural or nonindustrial private forest production that would—

“(I) benefit multiple producers; and

“(II) address natural resource concerns such as drought, wildfire, or water quality impairment on the land covered by the project;

“(ii) projects addressing natural resources concerns in coordination with producers, including the development and implementation of watershed, habitat, or other area restoration plans;

“(iii) projects that use innovative approaches to leveraging the Federal investment in conservation with private financial mechanisms, in conjunction with agricultural production or forest resource management, such as—

“(I) the provision of performance-based payments to producers; and

“(II) support for an environmental market; or

“(iv) other projects for which the Secretary determines that the goals and objectives of the program would be easier to achieve through the funding agreement under paragraph (1); and

“(B) submit to the Secretary, in addition to any information that the Secretary requires to prepare the report under section 1271E(b), an annual report that describes the status of the project, including a description of—

“(i) the use of the funds awarded under paragraph (1);

“(ii) any subcontracts awarded;

“(iii) the producers receiving funding through the funding agreement under paragraph (1);

“(iv)(I) the progress made by the project in addressing each natural resource concern defined in the funding agreement under paragraph (1), including in a quantified form to the extent practicable; and
 “(II) as appropriate, other outcomes of the project; and
 “(v) any other reporting data the Secretary determines are necessary to ensure compliance with the program rules.”.

SEC. 2705. FUNDING.

Section 1271D of the Food Security Act of 1985 (16 U.S.C. 3871d) is amended—

- (1) in subsection (a)—
 - (A) by striking “\$100,000,000” and inserting “\$300,000,000”; and
 - (B) by striking “2014 through 2018” and inserting “2019 through 2023”;
- (2) by striking subsection (c);
- (3) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively;
- (4) in subsection (c) (as so redesignated)—
 - (A) in the matter preceding paragraph (1)—
 - (i) by striking “and acres”; and
 - (ii) by striking “and reserved for the program under subsection (c)”;
 - (B) in paragraph (1)—
 - (i) by striking “25 percent of the funds and acres to projects based on a State competitive process administered by the State Conservationist, with the advice of the State technical committee” and inserting “50 percent of the funds to projects based on a State or multistate competitive process administered by the Secretary at the local level with the advice of the applicable State technical committees”; and
 - (ii) by adding “and” after the semicolon;
 - (C) by striking paragraph (2);
 - (D) by redesignating paragraph (3) as paragraph (2);
- and
- (E) in paragraph (2) (as so redesignated), by striking “35 percent of the funds and acres” and inserting “50 percent of the funds”;
- (5) in subsection (d) (as so redesignated)—
 - (A) by striking “None of the funds made available or reserved for the program” and inserting the following:

“(1) IN GENERAL.—Except as provided in paragraph (2), none of the funds made available for the program, including for a partnership agreement funded through an alternative funding arrangement or grant agreement under section 1271C(d),”;
 - (B) by adding at the end the following:

“(2) PROJECT DEVELOPMENT AND OUTREACH.—Under a partnership agreement that is not funded through an alternative funding arrangement or grant agreement under section 1271C(d), the Secretary may advance reasonable amounts of funding for not longer than 90 days for technical assistance

to eligible partners to conduct project development and outreach activities in a project area, including—

“(A) providing outreach and education to producers for potential participation in the project;

“(B) establishing baseline metrics to support the development of the assessment required under section 1271B(c)(1)(E); or

“(C) providing technical assistance to producers.”; and
(6) by adding at the end the following:

“(e) TECHNICAL ASSISTANCE.—

“(1) IN GENERAL.—At the time of project selection, the Secretary shall identify and make publicly available the amount that the Secretary shall use to provide technical assistance under the terms of the partnership agreement.

“(2) LIMITATION.—The Secretary shall limit costs of the Secretary for technical assistance to costs specific and necessary to carry out the objectives of the program.

“(3) THIRD-PARTY PROVIDERS.—The Secretary shall develop and implement strategies to encourage third-party technical service providers to provide technical assistance to eligible partners pursuant to a partnership agreement.”.

SEC. 2706. ADMINISTRATION.

Section 1271E of the Food Security Act of 1985 (16 U.S.C. 3871e) is amended—

(1) in subsection (a), by striking “1271B(d)” each place it appears and inserting “1271B(e)”;

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking “December 31, 2014” and inserting “December 31, 2019”;

(B) by redesignating paragraphs (1) through (4) as paragraphs (2) through (5), respectively;

(C) by inserting before paragraph (2) (as so redesignated) the following:

“(1) a summary of—

“(A) the progress made towards achieving the conservation benefits defined for the projects; and

“(B) any other related outcomes of the projects;”;

(D) in paragraph (4) (as so redesignated), by striking “and” at the end;

(E) in paragraph (5) (as so redesignated)—

(i) in the matter preceding subparagraph (A), by striking “1271C(b)(2)” and inserting “1271C(d)”;

(ii) in subparagraph (C), by striking the period at the end and inserting “; and”; and

(F) by adding at the end the following:

“(6) in the case of a project within a critical conservation area under section 1271F, the status of each priority resource concern for each designated critical conservation area, including—

“(A) the priority resource concerns for which each critical conservation area is designated;

“(B) conservation goals and outcomes sufficient to demonstrate that progress is being made to address the priority resource concerns;

“(C) the partnership agreements selected to address each conservation goal and outcome; and

“(D) the extent to which each conservation goal and outcome is being addressed by the partnership agreements.”; and

(3) by adding at the end the following:

“(c) COMPLIANCE WITH CERTAIN REQUIREMENTS.—The Secretary may not provide assistance under the program to a producer unless the producer agrees, during the program year for which the assistance is provided—

“(1) to comply with applicable conservation requirements under subtitle B; and

“(2) to comply with applicable wetland protection requirements under subtitle C.

“(d) HISTORICALLY UNDERSERVED PRODUCERS.—To the maximum extent practicable, in carrying out the program, the Secretary and eligible partners shall conduct outreach to beginning farmers and ranchers, veteran farmers and ranchers, socially disadvantaged farmers and ranchers, and limited resource farmers and ranchers to encourage participation by those producers in a project subject to a partnership agreement or funding agreement under 1271C(d).

“(e) REGULATIONS.—The Secretary shall issue regulations to carry out the program.”.

SEC. 2707. CRITICAL CONSERVATION AREAS.

Section 1271F of the Food Security Act of 1985 (16 U.S.C. 3871f) is amended—

(1) by redesignating subsections (a), (b), and (c) as subsections (b), (c), and (e), respectively;

(2) by inserting before subsection (b) (as so redesignated) the following:

“(a) DEFINITIONS.—In this section:

“(1) CRITICAL CONSERVATION AREA.—The term ‘critical conservation area’ means a geographical area that contains a critical conservation condition that can be addressed through the program.

“(2) PRIORITY RESOURCE CONCERN.—The term ‘priority resource concern’ means a natural resource concern located in a critical conservation area that can be addressed through—

“(A) water quality improvement, including through reducing erosion, promoting sediment control, and addressing nutrient management activities affecting large bodies of water of regional, national, or international significance;

“(B) water quantity improvement, including improvement relating to—

“(i) drought;

“(ii) groundwater, surface water, aquifer, or other water sources; or

“(iii) water retention and flood prevention;

“(C) wildlife habitat restoration to address species of concern at a Federal, State, or local level; and

“(D) other natural resource improvements, as determined by the Secretary, within the critical conservation area.”;

(3) in subsection (b) (as so redesignated)—

(A) by striking “(b) IN GENERAL.—” and inserting the following:

“(b) APPLICATIONS.—”;

(B) by striking “1271D(d)(3)” and inserting “1271D(d)(2)”;

(C) by striking “producer” and inserting “program”;
and

(D) by inserting “that address 1 or more priority resource concerns for which the critical conservation area is designated” before the period at the end;

(4) in subsection (c) (as so redesignated)—

(A) by redesignating paragraphs (1) through (3) as paragraphs (2) through (4), respectively;

(B) by inserting before paragraph (2) (as so redesignated) the following:

“(1) IN GENERAL.—The Secretary shall identify 1 or more priority resource concerns that apply to each critical conservation area designated under this section after the date of enactment of the Agricultural Act of 2014 (Public Law 113–79; 128 Stat. 649), including the conservation goals and outcomes sufficient to demonstrate that progress is being made to address the priority resource concern.”;

(C) in paragraph (2) (as so redesignated)—

(i) by striking subparagraphs (C) and (D) and inserting the following:

“(C) contains 1 or more priority resource concerns;
or”;

(ii) by redesignating subparagraph (E) as subparagraph (D); and

(D) by striking paragraph (3) (as so redesignated) and inserting the following:

“(3) REVIEW AND WITHDRAWAL.—The Secretary may—

(A) review designations of critical conservation areas under this section not more frequently than once every 5 years; and

(B) withdraw designation of a critical conservation area only if the Secretary determines that the area is no longer a critical conservation area.”;

(5) by inserting after subsection (c) (as so redesignated) the following:

“(d) OUTREACH TO ELIGIBLE PARTNERS AND PRODUCERS.—The Secretary shall provide outreach and education to eligible partners and producers in critical conservation areas designated under this section to encourage the development of projects to address each priority resource concern identified by the Secretary for that critical conservation area.”; and

(6) in subsection (e) (as so redesignated)—

(A) in paragraph (1), by striking “producer” and inserting “program”;

(B) by striking paragraph (3).

Subtitle H—Repeals and Technical Amendments

PART I—REPEALS

SEC. 2811. REPEAL OF CONSERVATION CORRIDOR DEMONSTRATION PROGRAM.

(a) **IN GENERAL.**—Subtitle G of title II of the Farm Security and Rural Investment Act of 2002 (16 U.S.C. 3801 note; Public Law 107–171) is repealed.

(b) **CONFORMING AMENDMENT.**—Section 5059 of the Water Resources Development Act of 2007 (16 U.S.C. 3801 note; Public Law 110–114) is repealed.

SEC. 2812. REPEAL OF CRANBERRY ACREAGE RESERVE PROGRAM.

Section 10608 of the Farm Security and Rural Investment Act of 2002 (16 U.S.C. 3801 note; Public Law 107–171) is repealed.

SEC. 2813. REPEAL OF NATIONAL NATURAL RESOURCES FOUNDATION.

Subtitle F of title III of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 5801 et seq.) is repealed.

16 USC 5801 and
note, 5802–5809.

SEC. 2814. REPEAL OF FLOOD RISK REDUCTION.

Section 385 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7334) is repealed.

SEC. 2815. REPEAL OF STUDY OF LAND USE FOR EXPIRING CONTRACTS AND EXTENSION OF AUTHORITY.

Section 1437 of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 3831 note; Public Law 101–624) is repealed.

SEC. 2816. REPEAL OF INTEGRATED FARM MANAGEMENT PROGRAM OPTION.

Section 1451 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5822) is repealed.

SEC. 2817. REPEAL OF CLARIFICATION OF DEFINITION OF AGRICULTURAL LANDS.

Section 325 of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127; 110 Stat. 992) is repealed.

PART II—TECHNICAL AMENDMENTS

SEC. 2821. TECHNICAL AMENDMENTS.

(a) **WATERSHED PROTECTION AND FLOOD PREVENTION ACT.**—Section 5(4) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1005(4)) is amended—

- (1) by striking “goodwater” and inserting “floodwater”; and
- (2) by striking “Secretary of Health, Education, and Welfare” each place it appears and inserting “Secretary of Health and Human Services”.

(b) **DELINEATION OF WETLANDS; EXEMPTIONS.**—Section 1222(j) of the Food Security Act of 1985 (16 U.S.C. 3822(j)) is amended by striking “National Resources Conservation Service” and inserting “Natural Resources Conservation Service”.

(c) FARMABLE WETLAND PROGRAM.—Section 1231B(b)(2)(A)(i) of the Food Security Act of 1985 (16 U.S.C. 3831b(b)(2)(A)(i)) is amended by adding a semicolon at the end.

(d) TERMINAL LAKES ASSISTANCE.—Section 2507 of the Farm Security and Rural Investment Act of 2002 (16 U.S.C. 3839bb–6) is amended—

(1) in subsection (e)—

(A) by striking paragraph (1);

(B) by redesignating paragraph (2) as paragraph (1);

and

(C) by adding at the end the following:

“(2) NO ADDITIONAL FUNDS.—

“(A) IN GENERAL.—Nothing in this section authorizes any additional funds to carry out this section.

“(B) AVAILABILITY OF FUNDS.—Any funds made available to carry out this section before the date of enactment of the Agriculture Improvement Act of 2018 may remain available until expended.”; and

(2) by adding at the end the following:

“(f) TERMINATION OF AUTHORITY.—The authority provided by this section shall terminate on October 1, 2023.”.

(e) DELIVERY OF TECHNICAL ASSISTANCE.—Section 1242 of the Food Security Act of 1985 (16 U.S.C. 3842) is amended by striking “third party” each place it appears and inserting “third-party”.

(f) ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.—Section 1244(b)(4)(B) of the Food Security Act of 1985 (16 U.S.C. 3844(b)(4)(B)) is amended by striking “General Accounting Office” and inserting “Government Accountability Office”.

SEC. 2822. STATE TECHNICAL COMMITTEES.

(a) STANDARDS.—Section 1261(b)(2) of the Food Security Act of 1985 (16 U.S.C. 3861(b)(2)) is amended by striking “under section 1262(b)”.

(b) COMPOSITION.—Section 1261(c) of the Food Security Act of 1985 (16 U.S.C. 3861(c)) is amended by adding at the end the following:

“(14) The State Cooperative Extension Service and land grant university in the State.”.

TITLE III—TRADE

Subtitle A—Food for Peace Act

SEC. 3101. LABELING REQUIREMENTS.

Section 202(g) of the Food for Peace Act (7 U.S.C. 1722(g)) is amended to read as follows:

“(g) LABELING OF ASSISTANCE.—Agricultural commodities and other assistance provided under this title shall, to the extent practicable, be clearly identified with appropriate markings on the package or container of such agricultural commodities or food procured outside of the United States, or on printed material that accompanies other assistance, in the language of the locality in which such commodities and other assistance are distributed, as being furnished by the people of the United States of America.”.

SEC. 3102. FOOD AID QUALITY ASSURANCE.

Section 202(h)(3) of the Food for Peace Act (7 U.S.C. 1722(h)(3)) is amended by striking “2018” and inserting “2023”.

SEC. 3103. LOCAL SALE AND BARTER OF COMMODITIES.

Section 203 of the Food for Peace Act (7 U.S.C. 1723) is amended—

(1) in subsection (a), by inserting “to generate proceeds to be used as provided in this section” before the period at the end;

(2) by striking subsection (b); and

(3) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

SEC. 3104. MINIMUM LEVELS OF ASSISTANCE.

Section 204(a) of the Food for Peace Act (7 U.S.C. 1724(a)) is amended in paragraphs (1) and (2) by striking “2018” both places it appears and inserting “2023”.

SEC. 3105. FOOD AID CONSULTATIVE GROUP.

Section 205 of the Food for Peace Act (7 U.S.C. 1725) is amended—

(1) in subsection (d)(1), in the first sentence, by striking “45” and inserting “30”; and

(2) in subsection (f), by striking “2018” and inserting “2023”.

SEC. 3106. ISSUANCE OF REGULATIONS.

Section 207(c)(1) of the Food for Peace Act (7 U.S.C. 1726a(c)(1)) is amended by striking “the Agricultural Act of 2014” and inserting “the Agriculture Improvement Act of 2018”.

SEC. 3107. OVERSIGHT, MONITORING, AND EVALUATION.

Section 207(f)(4) of the Food for Peace Act (7 U.S.C. 1726a(f)(4)) is amended—

(1) in subparagraph (A)—

(A) by striking “\$17,000,000” and inserting “1.5 percent, but not less than \$17,000,000,”; and

(B) by striking “2018” each place it appears and inserting “2023”; and

(2) in subparagraph (B)—

(A) in clause (i), by striking “2018” and inserting “2023”; and

(B) in clause (ii), by striking “chapter 1 of part I of”.

SEC. 3108. ASSISTANCE FOR STOCKPILING AND RAPID TRANSPORTATION, DELIVERY, AND DISTRIBUTION OF SHELF-STABLE PREPACKAGED FOODS.

Section 208 of the Food for Peace Act (7 U.S.C. 1726b) is amended—

(1) by amending the section heading to read as follows: “INTERNATIONAL FOOD RELIEF PARTNERSHIP.”; and

(2) in subsection (f), by striking “2018” and inserting “2023”.

SEC. 3109. CONSIDERATION OF IMPACT OF PROVISION OF AGRICULTURAL COMMODITIES AND OTHER ASSISTANCE ON LOCAL FARMERS AND ECONOMY.

(a) INCLUSION OF ALL MODALITIES.—Section 403(a) of the Food for Peace Act (7 U.S.C. 1733(a)) is amended—

(1) in the matter preceding paragraph (1), by inserting “, food procured outside of the United States, food voucher, or cash transfer for food” after “agricultural commodity”;

(2) in paragraph (1), by inserting “in the case of the provision of an agricultural commodity,” before “adequate”; and

(3) in paragraph (2), by striking “commodity” and inserting “agricultural commodity or use of the food procured outside of the United States, food voucher, or cash transfer for food”.

(b) AVOIDANCE OF DISRUPTIVE IMPACT.—Section 403(b) of the Food for Peace Act (7 U.S.C. 1733(b)) is amended—

(1) in the first sentence, by inserting “, the use of food procured outside of the United States, food vouchers, and cash transfers for food,” after “agricultural commodities”; and

(2) in the second sentence, by striking “of sales of agricultural commodities”.

SEC. 3110. ALLOWANCE FOR DISTRIBUTION COSTS.

Section 406(b)(6) of the Food for Peace Act (7 U.S.C. 1736(b)(6)) is amended by striking “and distribution costs” and inserting “, distribution, and program implementation costs to use the commodities”.

SEC. 3111. PREPOSITIONING OF AGRICULTURAL COMMODITIES.

Section 407(c)(4)(A) of the Food for Peace Act (7 U.S.C. 1736a(c)(4)(A)) is amended by striking “2018” each place it appears and inserting “2023”.

SEC. 3112. ANNUAL REPORT REGARDING FOOD AID PROGRAMS AND ACTIVITIES.

(a) IN GENERAL.—Section 407(f) of the Food for Peace Act (7 U.S.C. 1736a(f)) is amended to read as follows:

“(f) ANNUAL REPORT REGARDING FOOD AID PROGRAMS AND ACTIVITIES.—

“(1) ANNUAL REPORT.—Not later than April 1 of each fiscal year, the Administrator and the Secretary shall jointly, or each separately, prepare and submit to the appropriate committees of Congress a report regarding each program and activity carried out under this Act by the Administrator, the Secretary, or both, as applicable, during the prior fiscal year.

“(2) CONTENTS.—An annual report described in paragraph (1) shall include, with respect to the prior fiscal year, the following:

“(A) A list that contains a description of each country and organization that receives food and other assistance under this Act (including the quantity of food and assistance provided to each country and organization).

“(B) A general description of each project and activity implemented under this Act (including each activity funded through the use of local currencies) and the total number of beneficiaries of the project.

“(C) A statement describing the quantity of agricultural commodities made available to, and the total number of beneficiaries in, each country pursuant to—

“(i) this Act;

“(ii) section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b));

“(iii) the Food for Progress Act of 1985 (7 U.S.C. 1736o); and

“(iv) the McGovern-Dole International Food for Education and Child Nutrition Program established by section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o–1).

“(D) An assessment of the progress made through programs under this Act towards reducing food insecurity in the populations receiving food assistance from the United States.

“(E) A description of efforts undertaken by the Food Aid Consultative Group under section 205 to achieve an integrated and effective food assistance program.

“(F) An assessment of—

“(i) each program oversight, monitoring, and evaluation system implemented under section 207(f); and

“(ii) the impact of each program oversight, monitoring, and evaluation system on the effectiveness and efficiency of assistance provided under this title.

“(G) An assessment of the progress made by the Administrator in addressing issues relating to quality with respect to the provision of food assistance.

“(H) A statement of the amount of funds (including funds for administrative costs, indirect cost recovery, internal transportation, storage and handling, and associated distribution costs) provided to each eligible organization that received assistance under this Act, that further describes the following:

“(i) How such funds were used by the eligible organization.

“(ii) The actual rate of return for each commodity made available under this Act, including factors that influenced the rate of return, and, for the commodity, the costs of bagging or further processing, ocean transportation, inland transportation in the recipient country, storage costs, and any other information that the Administrator and the Secretary determine to be necessary.

“(iii) For each instance in which a commodity was made available under this Act at a rate of return less than 70 percent, the reasons for the rate of return realized.

“(I) For funds expended for purposes of section 202(e), 406(b)(6), and 407(c)(1)(B), a detailed accounting of the expenditures and purposes of such expenditures with respect to each such section.

“(3) RATE OF RETURN DESCRIBED.—For purposes of applying subparagraph (H) of paragraph (2), the rate of return for a commodity shall be equal to the proportion that—

“(A) the proceeds the implementing partners generate through monetization; bears to

“(B) the cost to the Federal Government to procure and ship the commodity to a recipient country for monetization.”.

(b) CONFORMING REPEAL.—Subsection (m) of section 403 of the Food for Peace Act (7 U.S.C. 1733) is repealed.

SEC. 3113. DEADLINE FOR AGREEMENTS TO FINANCE SALES OR TO PROVIDE OTHER ASSISTANCE.

Section 408 of the Food for Peace Act (7 U.S.C. 1736b) is amended by striking “2018” and inserting “2023”.

SEC. 3114. MINIMUM LEVEL OF NONEMERGENCY FOOD ASSISTANCE.

Section 412(e) of the Food for Peace Act (7 U.S.C. 1736f(e)) is amended to read as follows:

“(e) MINIMUM LEVEL OF NONEMERGENCY FOOD ASSISTANCE.—

“(1) IN GENERAL.—For each of fiscal years 2019 through 2023, not less than \$365,000,000 of the amounts made available to carry out emergency and nonemergency food assistance programs under title II, nor more than 30 percent of such amounts, shall be expended for nonemergency food assistance programs under such title.

“(2) COMMUNITY DEVELOPMENT FUNDS.—Funds appropriated each year to carry out part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) that are made available through grants or cooperative agreements to strengthen food security in developing countries and that are consistent with section 202(e)(1)(C) may be considered amounts expended for nonemergency food assistance programs for purposes of paragraph (1).

“(3) FARMER-TO-FARMER PROGRAM.—In determining the amount expended for a fiscal year for nonemergency food assistance programs under paragraph (1), amounts expended for that year to carry out programs under section 501 may be considered amounts expended for nonemergency food assistance programs.”.

SEC. 3115. TERMINATION DATE FOR MICRONUTRIENT FORTIFICATION PROGRAMS.

Section 415(c) of the Food for Peace Act (7 U.S.C. 1736g–2(c)) is amended by striking “2018” and inserting “2023”.

SEC. 3116. JOHN OGWONSKI AND DOUG BEREUTER FARMER-TO-FARMER PROGRAM.

Section 501 of the Food for Peace Act (7 U.S.C. 1737) is amended—

(1) in subsection (b)—

(A) in the matter preceding paragraph (1), by inserting “section 1342 of title 31, United States Code, or” after “Notwithstanding”;

(B) in paragraph (1) by inserting “technical” before “assistance”; and

(C) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by inserting “employees or staff of a State cooperative institution (as such term is defined in paragraph 18 of section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103), except that subparagraphs (E), (F), and (G) of such paragraph shall not apply),” after “private corporations,”; and

(ii) in subparagraph (A)—

(I) by striking “; and” at the end of clause (viii); and

(II) by striking clause (ix) and inserting the following:

“(ix) agricultural education and extension;

“(x) selection of seed varieties and plant stocks;

“(xi) knowledge of insecticide and sanitation procedures to prevent crop destruction;

“(xii) use and maintenance of agricultural equipment and irrigation systems; and

“(xiii) selection of fertilizers and methods of soils treatment; and”;

(2) in subsection (d), in the matter preceding paragraph (1), by striking “2018” and inserting “2023”;

(3) in subsection (e)(1), in the matter preceding subparagraph (A), by striking “2018” and inserting “2023”; and

(4) by adding at the end the following:

“(f) GRANT PROGRAM TO CREATE NEW PARTNERS AND INNOVATION.—

“(1) IN GENERAL.—The Administrator of the Agency for International Development shall develop a grant program to be carried out in fiscal years 2019 through 2023 to facilitate new and innovative partnerships and activities under this title.

“(2) USE OF FUNDS.—A grant recipient under this subsection shall use funds received under this subsection to—

“(A) prioritize new implementing partners;

“(B) develop innovative volunteer models;

“(C) develop, improve, or maintain strategic partnerships with other United States development programs; and

“(D) expand the footprint and impact of the programs and activities under this title, and diversity among program participants, including land-grant colleges and universities and cooperative extension services (as such terms are defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)).”.

Subtitle B—Agricultural Trade Act of 1978

SEC. 3201. AGRICULTURAL TRADE PROMOTION AND FACILITATION.

(a) IN GENERAL.—Section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) is amended to read as follows:

“SEC. 203. AGRICULTURAL TRADE PROMOTION AND FACILITATION.

“(a) ESTABLISHMENT.—The Secretary shall carry out activities under this section—

“(1) to access, develop, maintain, and expand markets for United States agricultural commodities; and

“(2) to promote cooperation and the exchange of information.

“(b) MARKET ACCESS PROGRAM.—

“(1) DEFINITION OF ELIGIBLE TRADE ORGANIZATION.—In this subsection, the term ‘eligible trade organization’ means—

“(A) a United States agricultural trade organization or regional State-related organization that promotes the export and sale of United States agricultural commodities and that does not stand to profit directly from specific sales of United States agricultural commodities;

“(B) a cooperative organization or State agency that promotes the sale of United States agricultural commodities; or

“(C) a private organization that promotes the export and sale of United States agricultural commodities if the Secretary determines that such organization would significantly contribute to United States export market development.

“(2) IN GENERAL.—The Commodity Credit Corporation shall establish and carry out a program, to be known as the ‘Market Access Program’, to encourage the development, maintenance, and expansion of commercial export markets for United States agricultural commodities (including commodities that are organically produced (as defined in section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502))) through cost-share assistance to eligible trade organizations that implement a foreign market development program.

“(3) PARTICIPATION REQUIREMENTS.—

“(A) MARKETING PLAN AND OTHER REQUIREMENTS.—To be eligible for cost-share assistance under this subsection, an eligible trade organization shall—

“(i) prepare and submit a marketing plan to the Secretary that meets the guidelines governing such a marketing plan specified in this paragraph or otherwise established by the Secretary;

“(ii) meet any other requirements established by the Secretary; and

“(iii) enter into an agreement with the Secretary.

“(B) PURPOSE OF MARKETING PLAN.—A marketing plan submitted under this paragraph shall describe the advertising or other market oriented export promotion activities to be carried out by the eligible trade organization with respect to which assistance under this subsection is being requested.

“(C) SPECIFIC ELEMENTS.—To be approved by the Secretary, a marketing plan submitted under this paragraph shall—

“(i) specifically describe the manner in which assistance received by the eligible trade organization, in conjunction with funds and services provided by the eligible trade organization, will be expended in implementing the marketing plan;

“(ii) establish specific market goals to be achieved under the marketing plan; and

“(iii) contain whatever additional requirements are determined by the Secretary to be necessary.

“(D) BRANDED PROMOTION.—A marketing plan approved by the Secretary may provide for the use of branded advertising to promote the sale of United States agricultural commodities in a foreign country under such terms and conditions as may be established by the Secretary.

“(E) AMENDMENTS.—An approved marketing plan may be amended by the eligible trade organization at any time, subject to the approval of the amendment by the Secretary.

“(4) LEVEL OF ASSISTANCE AND COST-SHARE REQUIREMENTS.—

“(A) IN GENERAL.—The Secretary shall justify in writing the level of assistance to be provided to an eligible trade organization under this subsection and the level of cost sharing required of the organization.

“(B) LIMITATION ON BRANDED PROMOTION.—Assistance provided under this subsection for activities described in paragraph (3)(D) shall not exceed 50 percent of the cost of implementing the marketing plan, except that the Secretary may determine not to apply such limitation in the case of United States agricultural commodities with respect to which there has been a favorable decision by the United States Trade Representative under section 301 of the Trade Act of 1974 (19 U.S.C. 2411). Criteria used by the Secretary for determining that the limitation shall not apply shall be consistent and documented.

“(5) OTHER TERMS AND CONDITIONS.—

“(A) MULTIYEAR BASIS.—The Secretary may provide assistance under this subsection on a multiyear basis, subject to annual review by the Secretary for compliance with the approved marketing plan.

“(B) TERMINATION OF ASSISTANCE.—The Secretary may terminate any assistance made, or to be made, available under this subsection if the Secretary determines that—

“(i) the eligible trade organization is not adhering to the terms and conditions applicable to the provision of the assistance;

“(ii) the eligible trade organization is not implementing the approved marketing plan or is not adequately meeting the established goals of the plan;

“(iii) the eligible trade organization is not adequately contributing its own resources to the implementation of the plan; or

“(iv) the Secretary determines that termination of assistance in a particular instance is in the best interests of the Market Access Program.

“(C) EVALUATIONS.—Beginning not later than 15 months after the initial provision of assistance under this subsection to an eligible trade organization, the Secretary shall monitor the expenditures by the eligible trade organization of such assistance, including the following:

“(i) An evaluation of the effectiveness of the marketing plan of the eligible trade organization in developing or maintaining markets for United States agricultural commodities.

“(ii) An evaluation of whether assistance provided under this subsection is necessary to maintain such markets.

“(iii) A thorough accounting of the expenditure by the eligible trade organization of the assistance provided under this subsection.

“(6) RESTRICTIONS ON USE OF FUNDS.—Assistance provided under this subsection to an eligible trade organization may not be used—

“(A) to provide direct assistance to any foreign for-profit corporation for the corporation’s use in promoting foreign-produced products; or

“(B) to provide direct assistance to any for-profit corporation that is not recognized as a small business concern (as described in section 3(a) of the Small Business Act (15 U.S.C. 632(a))), excluding—

“(i) a cooperative;

“(ii) an association described in the first section of the Act entitled ‘An Act To authorize association of producers of agricultural products’, approved February 18, 1922 (7 U.S.C. 291); or

“(iii) a nonprofit trade association.

“(7) PERMISSIVE USE OF FUNDS.—Assistance provided under this subsection to a United States agricultural trade association, cooperative, or small business may be used for individual branded promotional activity related to a United States branded product, if the beneficiaries of the activity have provided funds for the activity in an amount that is at least equivalent to the amount of such assistance.

“(8) PRIORITY.—In providing assistance for branded promotion, the Secretary should give priority to small-sized entities.

“(9) CONTRIBUTION LEVEL.—

“(A) IN GENERAL.—The Secretary should require a minimum contribution level of 10 percent from an eligible trade organization that receives assistance for nonbranded promotion.

“(B) INCREASES IN CONTRIBUTION LEVEL.—The Secretary may increase the contribution level in any subsequent year that an eligible trade organization receives assistance for nonbranded promotion.

“(10) ADDITIONALITY.—The Secretary should require each participant in the Market Access Program to certify that any Federal funds received supplement, but do not supplant, private or third party participant funds or other contributions to Program activities.

“(11) INDEPENDENT AUDITS.—If as a result of an evaluation or audit of activities of a participant under the Market Access Program, the Secretary determines that a further review is justified in order to ensure compliance with the requirements of the Program, the Secretary should require the participant to contract for an independent audit of the Program activities, including activities of any subcontractor.

“(12) TOBACCO.—No funds made available under the Market Access Program may be used for activities to develop, maintain, or expand foreign markets for tobacco.

“(c) FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.—

“(1) DEFINITION OF ELIGIBLE TRADE ORGANIZATION.—In this subsection, the term ‘eligible trade organization’ means a United States trade organization that—

“(A) promotes the export of 1 or more United States agricultural commodities; and

“(B) does not have a business interest in or receive remuneration from specific sales of agricultural commodities.

“(2) ESTABLISHMENT.—The Secretary shall establish and, in cooperation with eligible trade organizations, carry out a program to be known as the ‘Foreign Market Development

Cooperator Program' to maintain and develop foreign markets for United States agricultural commodities.

“(3) USE OF FUNDS.—Funds made available to carry out this subsection shall be used only to provide—

“(A) cost-share assistance to an eligible trade organization under a contract or agreement with the eligible trade organization; and

“(B) assistance for other costs that are appropriate to carry out the Foreign Market Development Cooperator Program, including contingent liabilities that are not otherwise funded.

“(d) E (KIKI) DE LA GARZA EMERGING MARKETS PROGRAM.—

“(1) DEFINITION OF EMERGING MARKET.—In this subsection, the term ‘emerging market’ means any country, foreign territory, customs union, or other economic market that the Secretary determines—

“(A) is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of its economy; and

“(B) has the potential to provide a viable and significant market for United States agricultural commodities.

“(2) ESTABLISHMENT.—The Secretary shall establish and carry out a program, to be known as the ‘E (Kika) de la Garza Emerging Markets Program’—

“(A) to develop agricultural markets in emerging markets; and

“(B) to promote cooperation and exchange of information between agricultural institutions and agribusinesses in the United States and emerging markets.

“(3) DEVELOPMENT OF AGRICULTURAL SYSTEMS.—

“(A) IN GENERAL.—

“(i) IMPLEMENTATION.—To develop, maintain, or expand markets for exports of United States agricultural commodities, the Secretary shall make available to emerging markets the expertise of the United States—

“(I) to make assessments of food and rural business systems needs;

“(II) to make recommendations on measures necessary to enhance the effectiveness of the food and rural business systems described in subclause (I), including potential reductions in trade barriers; and

“(III) to identify and carry out specific opportunities and projects to enhance the effectiveness of the food and rural business systems described in subclause (I).

“(ii) EXTENT OF PROGRAM.—The Secretary shall implement this subparagraph with respect to at least 3 emerging markets in each fiscal year.

“(B) EXPERTS FROM THE UNITED STATES.—The Secretary may implement subparagraph (A) by providing—

“(i) assistance to teams (consisting primarily of agricultural consultants, agricultural producers, other persons from the private sector, and government officials expert in assessing the food and rural business systems of other countries) to enable those teams to

conduct the assessments, make the recommendations, and identify the opportunities and projects described in subparagraph (A)(i) in emerging markets;

“(ii) for necessary subsistence and transportation expenses of—

“(I) United States food and rural business system experts, including United States agricultural producers and other United States individuals knowledgeable in agricultural and agribusiness matters, to enable such United States food and rural business system experts to assist in transferring knowledge and expertise to entities from emerging markets; and

“(II) individuals designated by emerging markets to enable such designated individuals to consult with such United States experts to enhance food and rural business systems of such emerging markets and to transfer knowledge and expertise to such emerging markets.

“(C) COST-SHARING.—The Secretary shall encourage the nongovernmental experts described in subparagraph (B) to share the costs of, and otherwise assist in, the participation of those experts in the E (Kika) de la Garza Emerging Markets Program.

“(D) TECHNICAL ASSISTANCE.—The Secretary is authorized to provide, or pay the necessary costs for, technical assistance (including the establishment of extension services) to enable individuals or other entities to carry out recommendations, projects, and opportunities in emerging markets, including recommendations, projects, and opportunities described in subclauses (II) and (III) of subparagraph (A)(i).

“(E) REPORTS TO SECRETARY.—A team that receives assistance under subparagraph (B)(i) shall prepare and submit to the Secretary such reports as the Secretary may require.

“(F) ADVISORY COMMITTEE.—To provide the Secretary with information that may be useful to the Secretary in carrying out this subsection, the Secretary may establish an advisory committee composed of representatives of the various sectors of the food and rural business systems of the United States.

“(G) EFFECT.—The authority provided under this subsection shall be in addition to and not in place of any other authority of the Secretary or the Commodity Credit Corporation.

“(e) TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.—

“(1) ESTABLISHMENT.—The Secretary of Agriculture shall establish an export assistance program, in this subsection referred to as the ‘program’, to address existing or potential unique barriers that prohibit or threaten the export of United States specialty crops.

“(2) PURPOSE.—The program shall provide direct assistance through public and private sector projects and technical assistance, including through the program under section 2(e) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 3157(e)), to remove, resolve, or mitigate existing or

potential sanitary, phytosanitary, and technical barriers to trade.

“(3) PRIORITY.—The program shall address time sensitive and strategic market access projects based on—

“(A) trade effect on market retention, market access, and market expansion; and

“(B) trade impact.

“(4) MULTIYEAR PROJECTS.—The Secretary may provide assistance under the program to a project for longer than a 5-year period if the Secretary determines that further assistance would effectively support the purpose described in paragraph (2).

“(5) OUTREACH AND TECHNICAL ASSISTANCE.—The Secretary shall—

“(A) conduct outreach to inform eligible organizations of the requirements of the program and the process by which such organizations may submit proposals for funding;

“(B) provide technical assistance to eligible organizations to assist in developing proposals and complying with the requirements of the program; and

“(C) solicit input from eligible organizations on improvements to streamline and facilitate the provision of assistance under this subsection.

“(6) REGULATIONS AND PROCEDURES.—

“(A) IN GENERAL.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall review program regulations, procedures, and guidelines for assistance under this subsection and make revisions to streamline, improve, and clarify the application, approval and compliance processes for such assistance, including revisions to implement the requirements of paragraph (5).

“(B) CONSIDERATIONS.—In reviewing and making revisions under subparagraph (A), the Secretary shall consider—

“(i) establishing accountability standards that are appropriate for the size and scope of a project; and

“(ii) establishing streamlined application and approval processes, including for smaller-scale projects or projects to address time-sensitive trade barriers.

“(7) ANNUAL REPORT.—Each year, the Secretary shall submit to the appropriate committees of Congress a report that contains, for the period covered by the report, a description of—

“(A) each factor that affects the export of specialty crops, including each factor relating to any—

“(i) significant sanitary or phytosanitary issue;

“(ii) trade barrier; or

“(iii) emerging sanitary or phytosanitary issue or trade barrier; and

“(B)(i) any funds provided under subsection (f)(3)(A)(iv) that were not obligated in a fiscal year; and

“(ii) the reason such funds were not obligated.

“(f) FUNDING AND ADMINISTRATION.—

“(1) COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this section.

“(2) FUNDING AMOUNT.—For each of fiscal years 2019 through 2023, of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation, the Secretary shall use to carry out this section \$255,000,000, to remain available until expended.

“(3) ALLOCATION.—

“(A) IN GENERAL.—For each of fiscal years 2019 through 2023, the Secretary shall allocate funds to carry out this section in accordance with the following:

“(i) MARKET ACCESS PROGRAM.—For market access activities authorized under subsection (b), of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation, not less than \$200,000,000 for each fiscal year.

“(ii) FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.—To carry out subsection (c), of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation, not less than \$34,500,000 for each fiscal year.

“(iii) E (KIKI) DE LA GARZA EMERGING MARKETS PROGRAM.—To provide assistance under subsection (d), of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation, not more than \$8,000,000 for each fiscal year.

“(iv) TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.—To carry out subsection (e), of the funds of, or an equal value of the commodities owned by, the Commodity Credit Corporation, \$9,000,000 for each fiscal year.

“(v) PRIORITY TRADE FUND.—

“(I) IN GENERAL.—In addition to the amounts allocated under clauses (i) through (iv), and notwithstanding any limitations in those clauses, as determined by the Secretary, for 1 or more programs under this section for authorized activities to access, develop, maintain, and expand markets for United States agricultural commodities, \$3,500,000 for each fiscal year.

“(II) CONSIDERATIONS.—In allocating funds made available under subclause (I), the Secretary may consider providing a greater allocation to 1 or more programs under this section for which the amounts requested under applications exceed available funding for the 1 or more programs.

“(B) REALLOCATION.—Any funds allocated under clauses (i) through (iv) of subparagraph (A) that remain unobligated one year after the end of the fiscal year in which they are first made available shall be reallocated to the priority trade fund under subparagraph (A)(v). To the maximum extent practicable, the Secretary shall allocate such reallocated funds to support exports of those types of United States agricultural commodities eligible for assistance under the program for which the funds were originally allocated under subparagraph (A).

“(4) CUBA.—Notwithstanding section 908 of the Trade Sanctions Reform and Export Enhancement Act of 2000 (22 U.S.C. 7207) or any other provision of law, funds made available under this section may be used to carry out the programs authorized under subsections (b) and (c) in Cuba. Funds may not be used as described in the previous sentence in contravention with directives set forth under the National Security Presidential Memorandum entitled ‘Strengthening the Policy of the United States Toward Cuba’ issued by the President on June 16, 2017, during the period in which that memorandum is in effect.

“(5) AUTHORIZATION OF APPROPRIATIONS.—In addition to any other amounts provided under this subsection, there are authorized to be appropriated such sums as are necessary to carry out the programs and authorities under paragraph (3)(A)(v) and subsections (b) through (e).”

(b) CONFORMING AMENDMENTS.—

(1) MARKET ACCESS PROGRAM.—

(A) Section 211 of the Agricultural Trade Act of 1978 (7 U.S.C. 5641) is amended by striking subsection (c).

(B) Section 402(a)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5662(a)(1)) is amended by striking “203” and inserting “203(b)”.

(C) Section 282(f)(2)(C) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1638a(f)(2)(C)) is amended by striking “section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623)” and inserting “section 203(b) of the Agricultural Trade Act of 1978 (7 U.S.C. 5623(b))”.

(D) Section 718 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 5623 note; Public Law 105-277) is amended by striking “section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623)” and inserting “section 203(b) of the Agricultural Trade Act of 1978 (7 U.S.C. 5623(b))”.

(E) Section 1302 of the Omnibus Budget Reconciliation Act of 1993 is repealed.

(2) FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.—Title VII of the Agricultural Trade Act of 1978 (7 U.S.C. 5721 et seq.) is repealed.

(3) E (KIKI) DE LA GARZA EMERGING MARKETS PROGRAM.—

(A) Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law 101-624) is amended—

(i) by striking subsection (d);

(ii) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively; and

(iii) in subsection (e) (as so redesignated)—

(I) in the matter preceding paragraph (1), by striking “country” and inserting “country, foreign territory, customs union, or other economic market”; and

(II) in paragraph (1), by striking “the economy of the country” and inserting “its economy”.

(B) Section 1543(b)(5) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3293(b)(5))

7 USC 5623 note.

7 USC
5721-5723.

is amended by striking “section 1542(f)” and inserting “section 1542(e)”.

(C) Section 1543A(c)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5679(c)(2)) is amended by inserting “and section 203(d) of the Agricultural Trade Act of 1978” after “section 1542”.

(4) TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.—Section 3205 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5680) is repealed.

Subtitle C—Other Agricultural Trade Laws

SEC. 3301. GROWING AMERICAN FOOD EXPORTS.

Section 1543A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5679) is amended—

(1) in subsection (b)(1)(A), by inserting “or new agricultural production technologies” after “biotechnology”; and

(2) in subsection (d), by striking “\$6,000,000” and all that follows through the period at the end and inserting “\$2,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 3302. FOOD FOR PROGRESS ACT OF 1985.

Section 1110 of the Food Security Act of 1985 (also known as the Food for Progress Act of 1985 (7 U.S.C. 1736o)) is amended—

(1) by striking “President” each place it appears and inserting “Secretary”;

(2) in subsection (b)—

(A) in paragraph (5)—

(i) by striking “and” at the end of subparagraph

(E);

(ii) by redesignating subparagraph (F) as subparagraph (G); and

(iii) by inserting after subparagraph (E) the following new subparagraph:

“(F) a college or university (as such terms are defined in section 1404(4) of the Food and Agriculture Act of 1977 (7 U.S.C. 3103(4)); and”;

(B) by adding at the end the following new paragraphs:

“(10) RATE OF RETURN.—For purposes of applying subsection (j)(3), the rate of return for an eligible commodity shall be equal to the proportion that—

“(A) the proceeds eligible entities generate through monetization of such commodity, bears to

“(B) the cost to the Federal Government to procure and ship the commodity to the country where it is monetized.

“(11) SECRETARY.—The term ‘Secretary’ means the Secretary of Agriculture.”;

(3) in subsection (f)(3), by striking “2018” and inserting “2023”;

(4) in subsection (g), by striking “2018” and inserting “2023”;

(5) in subsection (j)(3)—

(A) by striking “December 1” and inserting “April 1”;

(B) by striking “of the Senate a list of programs” and inserting “of the Senate—

- “(A) a list of programs”;
- (C) by striking “approved to date for the fiscal year” and inserting “approved during the prior fiscal year”;
- (D) by striking the period at the end and inserting a semicolon; and
- (E) by adding at the end the following new subparagraphs:
- “(B) a description of the actual rate of return for each commodity made available under this section for the previous fiscal year including—
- “(i) factors that influenced the rate of return; and
- “(ii) with respect to the commodity, the costs of bagging or further processing, ocean transportation, inland transportation, storage costs, and any other information that the Secretary determines to be necessary; and
- “(C) for each instance in which a commodity was made available under this section at a rate of return less than 70 percent, an explanation for the rate of return realized.”.
- (6) in subsection (k), by striking “2018” and inserting “2023”;
- (7) in subsection (l)(1), by striking “2018” and inserting “2023”;
- (8) in the heading of subsection (m), by striking “PRESIDENTIAL” and inserting “SECRETARIAL”;
- (9) in subsection (o), by striking “(acting through the Secretary)”;
- (10) in subsection (o)(1), by striking “subparagraphs (C) and (F)” and inserting “subparagraphs (C) and (G)”;
- (11) by adding at the end the following new subsection:—
- “(p) PILOT AGREEMENTS.—
- “(1) IN GENERAL.—For each of fiscal years 2019 through 2023, subject to the availability of appropriations pursuant to the authorization in paragraph (3), the Secretary shall enter into 1 or more pilot agreements with 1 or more eligible entities through which the Secretary shall provide financial assistance to the eligible entities to carry out activities consistent with subsection (l)(4)(A).
- “(2) REPORT REQUIRED.—In each of fiscal years 2020 through 2024, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing, with respect to the previous fiscal year—
- “(A) the amount provided to eligible entities under each pilot agreement pursuant to paragraph (1) and how the funds were used;
- “(B) the activities carried out under each pilot agreement;
- “(C) the number of direct and indirect beneficiaries of those activities; and
- “(D) the effectiveness of the pilot agreements, including as applicable the impact on food security and agricultural productivity.
- “(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out pilot agreements pursuant to this subsection \$10,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 3303. BILL EMERSON HUMANITARIAN TRUST ACT.

Section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1) is amended—

(1) in subsection (b)(2)(B)(i), by striking “2018” each place it appears and inserting “2023”; and

(2) in subsection (h), by striking “2018” each place it appears and inserting “2023”.

SEC. 3304. PROMOTION OF AGRICULTURAL EXPORTS TO EMERGING MARKETS.

Section 1542(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law 101–624) is amended by striking “2018” and inserting “2023”.

SEC. 3305. COCHRAN FELLOWSHIP PROGRAM.

Section 1543 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3293) is amended—

(1) in subsection (a), by striking “for study in the United States.” and inserting the following: “for study—

“(1) in the United States; or

“(2) at a college or university located in an eligible country that the Secretary determines—

“(A) has sufficient scientific and technical facilities;

“(B) has established a partnership with at least one college or university in the United States; and

“(C) has substantial participation by faculty members of the United States college or university in the design of the fellowship curriculum and classroom instruction under the fellowship.”;

(2) in subsection (c)—

(A) in paragraph (1), by inserting “(which may include agricultural extension services)” after “systems”; and

(B) in paragraph (2)—

(i) by striking “enhance trade” and inserting the following: “enhance—

“(A) trade”;

(ii) in subparagraph (A) (as so designated) by striking the period at the end and inserting “; or”;

and

(iii) by adding at the end the following:
“(B) linkages between agricultural interests in the United States and regulatory systems governing sanitary and phytosanitary standards for agricultural products that—

“(i) may enter the United States; and

“(ii) may pose risks to human, animal, or plant life or health.”; and

(3) in subsection (f)—

(A) in paragraph (1), by striking “\$3,000,000” and inserting “\$4,000,000”;

(B) in paragraph (2), by striking “\$2,000,000” and inserting “\$3,000,000”; and

(C) in paragraph (3), by striking “\$5,000,000” and inserting “\$6,000,000”.

SEC. 3306. BORLAUG INTERNATIONAL AGRICULTURAL SCIENCE AND TECHNOLOGY FELLOWSHIP PROGRAM.

Section 1473G of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319j) is amended—

(1) in subsection (c)(2)—

(A) in the matter preceding subparagraph (A), by striking “shall support” and inserting “support”;

(B) in subparagraph (C), by striking “and” at the end;

(C) in subparagraph (D), by striking the period at the end and inserting “; and”; and

(D) by adding at the end the following:

“(E) the development of agricultural extension services in eligible countries.”; and

(2) in subsection (f)—

(A) by striking “The Secretary” and inserting the following:

“(1) IN GENERAL.—The Secretary”; and

(B) by adding at the end the following:

“(2) LEVERAGING ALUMNI ENGAGEMENT.—In carrying out the purposes and programs under this section, the Secretary shall encourage ongoing engagement with fellowship recipients who have completed training under the program to provide advice regarding, and participate in, new or ongoing agricultural development projects, with a priority for capacity-building projects.”.

7 USC 3295.

SEC. 3307. INTERNATIONAL AGRICULTURAL EDUCATION FELLOWSHIP PROGRAM.

(a) FELLOWSHIP PROGRAM ESTABLISHMENT.—The Secretary shall establish a fellowship program to be known as the International Agricultural Education Fellowship Program to provide fellowships to citizens of the United States to assist eligible countries in developing school-based agricultural education and youth extension programs.

(b) ELIGIBLE COUNTRY DESCRIBED.—For purposes of this section, an eligible country is a developing country, as determined by the Secretary using a gross national income per capita test selected by the Secretary.

(c) PURPOSE OF FELLOWSHIPS.—The goals of providing a fellowship under this section are to—

(1) develop globally minded United States agriculturists with experience living abroad;

(2) focus on meeting the food and fiber needs of the domestic population of eligible countries; and

(3) strengthen and enhance trade linkages between eligible countries and the United States agricultural industry.

(d) ELIGIBLE CANDIDATES.—The Secretary may provide fellowships to citizens of the United States who—

(1) hold at least a bachelors degree in an agricultural related field of study; and

(2) have an understanding of United States school-based agricultural education and youth extension programs, as determined by the Secretary.

(e) CANDIDATE IDENTIFICATION.—The Secretary shall consult with the National FFA Organization, the National 4-H Council, and other entities as the Secretary determines are appropriate to identify candidates for fellowships.

(f) PROGRAM IMPLEMENTATION.—The Secretary shall provide for the management, coordination, evaluation, and monitoring of the Fellowship Program, except that the Secretary may contract out the management of the fellowship program to an outside organization with experience in implementing fellowship programs focused on building capacity for school-based agricultural education and youth extension programs in developing countries.

(g) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated \$5,000,000 to carry out this section for each of fiscal years 2019 through 2023.

(2) DURATION.—Any funds made available under this subsection shall remain available until expended.

SEC. 3308. INTERNATIONAL FOOD SECURITY TECHNICAL ASSISTANCE.

The Food, Agriculture, Conservation, and Trade Act of 1990 is amended by inserting after section 1543A (7 U.S.C. 5679) the following:

“SEC. 1543B. INTERNATIONAL FOOD SECURITY TECHNICAL ASSISTANCE. 7 USC 1736dd.

“(a) DEFINITION OF INTERNATIONAL FOOD SECURITY.—In this section, the term ‘international food security’ means access by any person at any time to food and nutrition that is sufficient for a healthy and productive life.

“(b) COLLECTION OF INFORMATION.—The Secretary of Agriculture (referred to in this section as the ‘Secretary’) shall compile information from appropriate mission areas of the Department of Agriculture (including the Food, Nutrition, and Consumer Services mission area) relating to the improvement of international food security.

“(c) PUBLIC AVAILABILITY.—To benefit programs for the improvement of international food security, the Secretary shall organize the information described in subsection (b) and make the information available in a format suitable for—

“(1) public education; and

“(2) use by—

“(A) a Federal, State, or local agency;

“(B) an agency or instrumentality of the government of a foreign country;

“(C) a domestic or international organization, including a domestic or international nongovernmental organization; and

“(D) an intergovernmental organization.

“(d) TECHNICAL ASSISTANCE.—On request by an entity described in subsection (c)(2), the Secretary may provide technical assistance to the entity to implement a program for the improvement of international food security.

“(e) PROGRAM PRIORITY.—In carrying out this section, the Secretary shall give priority to programs relating to the development of food and nutrition safety net systems with a focus on food insecure countries.

“(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$1,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 3309. MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION PROGRAM.

Section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o–1) is amended—

(1) in subsection (a)—

(A) by striking “that is” and inserting the following: “that—
“(1) is”;

(B) in paragraph (1) (as so designated), by striking the period at the end and inserting “; or”; and

(C) by adding at the end the following:

“(2)(A) is produced in and procured from—

“(i) a developing country that is a recipient country;
or

“(ii) a developing country in the same region as a recipient country; and

“(B) at a minimum, meets each nutritional, quality, and labeling standard of the recipient country, as determined by the Secretary.”;

(2) in subsection (c)(2)(A)—

(A) in clause (v)(IV), by striking “and” at the end;

(B) by redesignating clause (vi) as clause (vii); and

(C) by inserting after clause (v) the following:

“(vi) the costs associated with transporting the commodities described in subsection (a)(2) from a developing country described in subparagraph (A)(ii) of that subsection to any designated point of entry within the recipient country; and”;

(3) in subsection (f)(1)—

(A) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(B) by inserting after subparagraph (D) the following:

“(E) ensure to the maximum extent practicable that assistance—

“(i) is provided under this section in a timely manner; and

“(ii) is available when needed throughout the applicable school year;”;

(4) in subsection (1)—

(A) in paragraph (2), by striking “2018” and inserting “2023”; and

(B) by adding at the end the following:

“(4) PURCHASE OF COMMODITIES.—Of the funds made available to carry out this section, not more than 10 percent shall be used to purchase agricultural commodities described in subsection (a)(2).”.

SEC. 3310. GLOBAL CROP DIVERSITY TRUST.

Section 3202 of the Food, Conservation, and Energy Act of 2008 (22 U.S.C. 2220a note; Public Law 110–246) is amended—

(1) by amending subsection (b) to read as follows:

“(b) UNITED STATES CONTRIBUTION LIMIT.—

“(1) IN GENERAL.—The aggregate contributions of funds of the Federal Government provided to the Trust shall not exceed—

“(A) for the period of fiscal years 2014 through 2018, 25 percent of the total amount of funds contributed to the Trust from all sources; and

“(B) subject to paragraph (2), effective beginning with fiscal year 2019, 33 percent of the total amount of funds contributed to the Trust from all sources.

“(2) ANNUAL LIMITATION.—The contributions of funds of the Federal Government provided to the Trust shall not exceed \$5,500,000 for each of fiscal years 2019 through 2023.”; and

(2) in subsection (c), by striking “2018” and inserting “2023”.

SEC. 3311. LOCAL AND REGIONAL FOOD AID PROCUREMENT PROJECTS.

Section 3206(e)(1) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 1726c(e)(1)) is amended—

(1) by inserting “to the Secretary” after “appropriated”; and

(2) by striking “2014 through 2018” and inserting “2019 through 2023”.

SEC. 3312. FOREIGN TRADE MISSIONS.

7 USC 5608.

(a) TRIBAL REPRESENTATION ON TRADE MISSIONS.—

(1) IN GENERAL.—The Secretary, in consultation with the Tribal Advisory Committee established under subsection (b)(2) of section 309 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6921(b)(2)) (as added by section 12303(2)) (referred to in this section as the “Advisory Committee”), shall seek—

(A) to support the greater inclusion of Tribal agricultural and food products in Federal trade-related activities; and

(B) to increase the collaboration between Federal trade promotion efforts and other Federal trade-related activities in support of the greater inclusion sought under subparagraph (A).

(2) INTERDEPARTMENTAL COORDINATION.—In carrying out activities to increase the collaboration described in paragraph (1)(B), the Secretary shall coordinate with—

(A) the Secretary of Commerce;

(B) the Secretary of State;

(C) the Secretary of the Interior; and

(D) the heads of any other relevant Federal agencies.

(b) REPORT; GOALS.—

(1) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit a report describing the efforts of the Department of Agriculture and other Federal agencies under this section to—

(A) the Advisory Committee;

(B) the Committee on Agriculture of the House of Representatives;

(C) the Committee on Energy and Commerce of the House of Representatives;

(D) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

(E) the Committee on Commerce, Science, and Transportation of the Senate; and

(F) the Committee on Indian Affairs of the Senate.

(2) GOALS.—Not later than 90 days after the date of enactment of this Act, the Secretary shall establish goals for measuring, in an objective and quantifiable format, the extent to which Indian Tribes and Tribal agricultural and food products are included in the trade-related activities of the Department of Agriculture.

TITLE IV—NUTRITION

Subtitle A—Supplemental Nutrition Assistance Program

SEC. 4001. REQUIREMENTS FOR ONLINE ACCEPTANCE OF BENEFITS.

(a) DEFINITION.—Section 3(o)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(o)(1)) is amended by striking “or house-to-house trade route” and inserting “, house-to-house trade route, or online entity”.

(b) ACCEPTANCE OF BENEFITS.—Section 7(k) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(k)) is amended—

(1) by striking the heading and inserting “ACCEPTANCE OF PROGRAM BENEFITS THROUGH ONLINE TRANSACTIONS”,

(2) in paragraph (4) by striking subparagraph (C), and

(3) by striking paragraph (5).

SEC. 4002. RE-EVALUATION OF THRIFTY FOOD PLAN.

Section 3(u) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(u)) is amended by inserting after the 1st sentence the following:

“By 2022 and at 5-year intervals thereafter, the Secretary shall re-evaluate and publish the market baskets of the thrifty food plan based on current food prices, food composition data, consumption patterns, and dietary guidance.”

SEC. 4003. FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS.

(a) IN GENERAL.—Section 4(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(b)) is amended—

(1) by striking paragraph (4) and inserting the following:

“(4) ADMINISTRATIVE COSTS.—

“(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall pay not less than 80 percent of administrative costs and distribution costs on Indian reservations as the Secretary determines necessary for effective administration of such distribution by a State agency or tribal organization.

“(B) WAIVER.—The Secretary shall waive up to 100 percent of the non-Federal share of the costs described in subparagraph (A) if the Secretary determines that—

“(i) the tribal organization is financially unable to provide a greater non-Federal share of the costs; or

“(ii) providing a greater non-Federal share of the costs would be a substantial burden for the tribal organization.

“(C) LIMITATION.—The Secretary may not reduce any benefits or services under the food distribution program on Indian reservations under this subsection to any tribal

organization that is granted a waiver under subparagraph (B).

“(D) TRIBAL CONTRIBUTION.—The Secretary may allow a tribal organization to use funds provided to the tribal organization through a Federal agency or other Federal benefit to satisfy all or part of the non-Federal share of the costs described in subparagraph (A) if that use is otherwise consistent with the purpose of the funds.”,

(2) in paragraph (6)—

(A) in the heading by striking “LOCALLY-GROWN” and inserting “LOCALLY- AND REGIONALLY-GROWN”,

(B) in subparagraph (A) by striking “locally-grown” and inserting “locally- and regionally-grown”,

(C) in subparagraph (C)—

(i) in the heading by striking “LOCALLY GROWN” and inserting “LOCALLY- AND REGIONALLY-GROWN”, and

(ii) by striking “locally-grown” and inserting “locally- and regionally-grown”,

(D) by amending subparagraph (D) to read as follows:

“(D) PURCHASE OF FOODS.—In carrying out this paragraph, the Secretary shall purchase or offer to purchase those traditional foods that may be procured cost-effectively.”,

(E) by striking subparagraph (E), and

(F) in subparagraph (F)—

(i) by striking “(F)” and inserting “(E)”, and

(ii) by striking “2018” and inserting “2023”, and

(3) by adding at the end the following:

“(7) AVAILABILITY OF FUNDS.—

“(A) IN GENERAL.—Funds made available for a fiscal year to carry out this subsection shall remain available for obligation for a period of 2 fiscal years.

“(B) ADMINISTRATIVE COSTS.—Funds made available for a fiscal year to carry out paragraph (4) shall remain available for obligation by the State agency or tribal organization for a period of 2 fiscal years.”.

(b) DEMONSTRATION PROJECT FOR TRIBAL ORGANIZATIONS.—

7 USC 2013 note.

(1) DEFINITIONS.—In this subsection:

(A) DEMONSTRATION PROJECT.—The term “demonstration project” means the demonstration project established under paragraph (2).

(B) FOOD DISTRIBUTION PROGRAM.—The term “food distribution program” means the food distribution program on Indian reservations carried out under section 4(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(b)).

(C) INDIAN RESERVATION.—The term “Indian reservation” has the meaning given the term “reservation” in section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012).

(D) INDIAN TRIBE.—The term “Indian tribe” has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

(E) SELF-DETERMINATION CONTRACT.—The term “self-determination contract” has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

(F) TRIBAL ORGANIZATION.—The term “tribal organization” has the meaning given the term in section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012).

(2) ESTABLISHMENT.—Subject to the availability of appropriations, the Secretary shall establish a demonstration project under which 1 or more tribal organizations may enter into self-determination contracts to purchase agricultural commodities under the food distribution program for the Indian reservation of that tribal organization.

(3) ELIGIBILITY.—

(A) CONSULTATION.—The Secretary shall consult with the Secretary of the Interior and Indian tribes to determine the process and criteria under which a tribal organization may participate in the demonstration project.

(B) CRITERIA.—The Secretary shall select for participation in the demonstration project tribal organizations that—

(i) are successfully administering the food distribution program of the tribal organization under section 4(b)(2)(B) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(b)(2)(B)),

(ii) have the capacity to purchase agricultural commodities in accordance with paragraph (4) for the food distribution program of the tribal organization, and

(iii) meet any other criteria determined by the Secretary, in consultation with the Secretary of the Interior and Indian tribes.

(4) PROCUREMENT OF AGRICULTURAL COMMODITIES.—Any agricultural commodities purchased by a tribal organization under the demonstration project shall—

(A) be domestically produced,

(B) supplant, not supplement, the type of agricultural commodities in existing food packages for that tribal organization,

(C) be of similar or higher nutritional value as the type of agricultural commodities that would be supplanted in the existing food package for that tribal organization, and

(D) meet any other criteria determined by the Secretary.

(5) REPORT.—Not later than 1 year after the date on which funds are appropriated under paragraph (6) and annually thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the activities carried out under the demonstration project during the preceding year.

(6) FUNDING.—

(A) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this subsection \$5,000,000, to remain available until expended.

(B) APPROPRIATIONS IN ADVANCE.—Only funds appropriated under subparagraph (A) in advance specifically to carry out this subsection shall be available to carry out this subsection.

(c) CONFORMING AMENDMENT.—Section 3(v) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(v)) is amended by striking “the Indian Self-Determination Act (25 U.S.C. 450b(b))” and inserting “section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304)”.

SEC. 4004. SIMPLIFIED HOMELESS HOUSING COSTS.

Section 5(e)(6)(D) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e)(6)(D)) is amended—

(1) by redesignating clause (ii) as clause (iii), and

(2) by striking clause (i) and inserting the following:

“(i) ALTERNATIVE DEDUCTION.—The State agency shall allow a deduction of \$143 a month for households—

“(I) in which all members are homeless individuals;

“(II) that are not receiving free shelter throughout the month; and

“(III) that do not opt to claim an excess shelter expense deduction under subparagraph (A).

“(ii) ADJUSTMENT.—For fiscal year 2019 and each subsequent fiscal year the amount of the homeless shelter deduction specified in clause (i) shall be adjusted to reflect changes for the 12-month period ending the preceding November 30 in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.”.

SEC. 4005. EMPLOYMENT AND TRAINING FOR SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.

(a) EMPLOYMENT AND TRAINING PROGRAMS THAT MEET STATE AND LOCAL WORKFORCE NEEDS.—Section 6(d)(4) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(d)(4)) is amended—

(1) in subparagraph (A)—

(A) in clause (i)—

(i) by inserting “, in consultation with the State workforce development board, or, if the State demonstrates that consultation with private employers or employer organizations would be more effective or efficient, in consultation with private employers or employer organizations,” after “designed by the State agency”, and

(ii) by striking “that will increase their ability to obtain regular employment.” and inserting the following: “that will—

“(I) increase the ability of the household members to obtain regular employment; and

“(II) meet State or local workforce needs.”, and

(B) in clause (ii) by inserting “and implemented to meet the purposes of clause (i)” after “under this paragraph”,

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by inserting “case management services such as comprehensive intake

assessments, individualized service plans, progress monitoring, or coordination with service providers and” after “contains”,

(B) in clause (iv) by redesignating subclauses (I) and (II) as items (aa) and (bb), respectively, and indenting appropriately,

(C) by redesignating clauses (i) through (vii) and clause (viii) as subclauses (I) through (VII) and subclause (IX), respectively, and indenting appropriately,

(D) by striking subclause (I), as so redesignated, and inserting the following:

“(I) Supervised job search programs that occur at State-approved locations at which the activities of participants shall be directly supervised and the timing and activities of participants tracked in accordance with guidelines issued by the State.”,

(E) in subclause (II), as so redesignated, by striking “jobs skills assessments, job finding clubs, training in techniques for” and inserting “employability assessments, training in techniques to increase”,

(F) in subclause (IV), as so redesignated, in the first sentence, by inserting “, including subsidized employment and apprenticeships” before the period at the end,

(G) in subclause (VII), as so redesignated, by inserting “not less than 30 days but” after “period of”,

(H) by inserting after subclause (VII), as so redesignated, the following:

“(VIII) Programs and activities under clause (iv) of section 16(h)(1)(F) that the Secretary determines, based on results from the independent evaluations conducted under clause (vii)(I) of such section, have the most demonstrable impact on the ability of participants to find and retain employment that leads to increased household income and reduced reliance on public assistance.”,

(I) in the matter preceding subclause (I), as so redesignated—

(i) by striking “this subparagraph” and inserting “this clause”, and

(ii) by striking “(B) For purposes of this Act, an” and inserting the following:

“(B) DEFINITIONS.—In this Act:

“(i) EMPLOYMENT AND TRAINING PROGRAM.—The term”, and

(J) by adding at the end the following:

“(ii) WORKFORCE PARTNERSHIP.—

“(I) IN GENERAL.—The term ‘workforce partnership’ means a program that—

“(aa) is operated by—

“(AA) a private employer, an organization representing private employers, or a nonprofit organization providing services relating to workforce development; or

“(BB) an entity identified as an eligible provider of training services under section 122(d) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3152(d));

“(bb) the Secretary certifies, or the State agency certifies to the Secretary—

“(AA) subject to subparagraph (N)(ii), would assist participants who are members of households participating in the supplemental nutrition assistance program in gaining high-quality, work-relevant skills, training, work, or experience that will increase the ability of the participants to obtain regular employment;

“(BB) subject to subparagraph (N)(ii), would provide participants with not less than 20 hours per week of training, work, or experience under subitem (AA);

“(CC) would not use any funds authorized to be appropriated by this Act;

“(DD) would provide sufficient information, on request by the State agency, for the State agency to determine that participants who are members of households participating in the supplemental nutrition assistance program are fulfilling any applicable work requirement under this subsection or subsection (o);

“(EE) would be willing to serve as a reference for participants who are members of households participating in the supplemental nutrition assistance program for future employment or work-related programs; and

“(FF) meets any other criteria established by the Secretary, on the condition that the Secretary shall not establish any additional criteria that would impose significant paperwork burdens on the workforce partnership; and

“(cc) is in compliance with the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.), if applicable.

“(II) INCLUSION.—The term ‘workforce partnership’ includes a multistate program.”,

(3) in subparagraph (E)—

(A) in the second sentence, by striking “Such requirements” and inserting the following:

“(ii) VARIATION.—The requirements under clause (i),

(B) by striking “(E) Each State” and inserting the following:

“(E) REQUIREMENTS FOR PARTICIPATION FOR CERTAIN INDIVIDUALS.—

“(i) IN GENERAL.—Each State”, and

(C) by adding at the end the following:

“(iii) APPLICATION TO WORKFORCE PARTNERSHIPS.—To the extent that a State agency requires an individual to participate in an employment and training program, the State agency shall consider an individual participating in a workforce partnership to be in

compliance with the employment and training requirements.”,

(4) in subparagraph (H), by striking “(B)(v)” and inserting “(B)(i)(V)”, and

(5) by adding at the end the following:

“(N) WORKFORCE PARTNERSHIPS.—

“(i) CERTIFICATION.—In certifying that a program meets the requirements of subitems (AA) and (BB) of subparagraph (B)(ii)(I)(bb) to be certified as a workforce partnership, the Secretary or the State agency shall require that the program submit to the Secretary or State agency sufficient information that describes—

“(I) the services and activities of the program that would provide participants with not less than 20 hours per week of training, work, or experience under those subitems; and

“(II) how the program would provide services and activities described in subclause (I) that would directly enhance the employability or job readiness of the participant.

“(ii) SUPPLEMENT, NOT SUPPLANT.—A State agency may use a workforce partnership to supplement, not to supplant, the employment and training program of the State agency.

“(iii) PARTICIPATION.—A State agency—

“(I) shall—

“(aa) maintain a list of workforce partnerships certified under subparagraph (B)(ii)(I)(bb); and

“(bb) not less frequently than at certification and recertification, provide to a household member subject to work requirements under subsection (d)(1) or subsection (o), electronically or by other means, the list described in item (aa); but

“(II) may not require any member of a household participating in the supplemental nutrition assistance program to participate in a workforce partnership.

“(iv) EFFECT.—

“(I) IN GENERAL.—A workforce partnership shall not replace the employment or training of an individual not participating in the workforce partnership.

“(II) SELECTION.—Nothing in this subsection or subsection (o) affects the criteria or screening process for selecting participants by a workforce partnership.

“(v) LIMITATION ON REPORTING REQUIREMENTS.—

In carrying out this subparagraph, the Secretary and each applicable State agency shall limit the reporting requirements of a workforce partnership to—

“(I) on notification that an individual is receiving supplemental nutrition assistance program benefits, notifying the applicable State

agency that the individual is participating in the workforce partnership;

“(II) identifying participants who have completed or are no longer participating in the workforce partnership;

“(III) identifying changes to the workforce partnership that result in the workforce partnership no longer meeting the certification requirements of the Secretary or the State agency under subparagraph (B)(ii)(I)(bb); and

“(IV) providing sufficient information, on request by the State agency, for the State agency to verify that a participant is fulfilling any applicable work requirements under this subsection or subsection (o).

“(O) REFERRAL OF CERTAIN INDIVIDUALS.—

“(i) IN GENERAL.—In accordance with such regulations as may be issued by the Secretary, with respect to any individual who is not eligible for an exemption under paragraph (2) and who is determined by the operator of an employment and training program component to be ill-suited to participate in that employment and training program component, the State agency shall—

“(I) refer the individual to an appropriate employment and training program component;

“(II) refer the individual to an appropriate workforce partnership, if available;

“(III) reassess the physical and mental fitness of the individual under paragraph (1)(A); or

“(IV) to the maximum extent practicable, coordinate with other Federal, State, or local workforce or assistance programs to identify work opportunities or assistance for the individual.

“(ii) PROCESS.—In carrying out clause (i), the State agency shall ensure that an individual undergoing and complying with the process established under that clause shall not be found to have refused without good cause to participate in an employment and training program.”.

(b) WORK REQUIREMENTS.—Section 6(o) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(o)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B) by striking “and” at the end,

(B) in subparagraph (C) by striking “job search program or a job search training program.” and inserting “supervised job search program or job search training program;”, and

(C) by adding at the end the following:

“(D) a program of employment and training for veterans operated by the Department of Labor or the Department of Veterans Affairs, and approved by the Secretary; and

“(E) a workforce partnership under subsection (d)(4)(N).”,

(2) in paragraph (4)(A) by inserting “and with the support of the chief executive officer of the State” after “agency”, and

(3) in paragraph (6)—

(A) in the heading by striking “15-PERCENT EXEMPTION” and inserting “EXEMPTIONS”,

(B) in subparagraph (B) by striking “(G)” and inserting “(H)”,

(C) in subparagraph (C) by striking “(E) and (G)” and inserting “(F) and (H)”,

(D) in subparagraph (D)—

(i) in the heading by striking “SUBSEQUENT FISCAL YEARS” and inserting “FISCAL YEARS 1999 THROUGH 2019”,

(ii) by striking “(E) through (G)” and inserting “(F) through (H)”, and

(iii) by striking “year,” and inserting “year through fiscal year 2019,”,

(E) in subparagraph (E) by striking “or (D)” and inserting “, (D), or (E)”,

(F) by redesignating subparagraphs (E), (F), and (G) as subparagraphs (F), (G), and (H), respectively, and

(G) by inserting after subparagraph (D) the following:

“(E) SUBSEQUENT FISCAL YEARS.—Subject to subparagraphs (F) through (H), for fiscal year 2020 and each subsequent fiscal year, a State agency may provide a number of exemptions such that the average monthly number of exemptions in effect during the fiscal year does not exceed 12 percent of the number of covered individuals in the State, as estimated by the Secretary under subparagraph (C), adjusted by the Secretary to reflect changes in the State’s caseload and the Secretary’s estimate of changes in the proportion of members of households that receive supplemental nutrition assistance program benefits covered by waivers granted under paragraph (4).”.

(c) STATE PLANS.—Section 11 of the Food and Nutrition Act of 2008 (7 U.S.C. 2020) is amended—

(1) in subsection (e)(19) by inserting “the extent to which such programs will be carried out in coordination with the activities carried out under title I of the Workforce Innovation and Opportunity Act (29 U.S.C. 3111 et seq.),” before “and the basis,”, and

(2) by adding at the end the following:

“(w) For households containing at least one adult, with no elderly or disabled members and with no earned income at their last certification or required report, a State agency shall, at the time of recertification, be required to advise members of the household not exempt under section 6(d)(2) regarding available employment and training services.”.

(d) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—Section 16(h) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A) by striking “\$90,000,000” and inserting “\$103,900,000”,

(B) in subparagraph (C)—

(i) in clause (i) by inserting “, subject to clauses (ii) through (v),” after “(B), the Secretary”, and

(ii) by adding at the end the following:

“(iv) PRIORITY.—The Secretary shall reallocate funds under this subparagraph as follows:

“(I)(aa) Subject to items (bb) and (cc), not less than 50 percent shall be reallocated to State agencies requesting such funds to conduct employment and training programs and activities for which such State agencies had previously received funding under subparagraph (F)(viii) that the Secretary determines have the most demonstrable impact on the ability of participants to find and retain employment that leads to increased household income and reduced reliance on public assistance.

“(bb) The Secretary shall base the determination under item (aa) on—

“(AA) project results from the independent evaluations conducted under subparagraph (F)(vii)(I); or

“(BB) if the project results from the independent evaluations conducted under subparagraph (F)(vii)(I) are not yet available, the reports under subparagraph (F)(vii)(II) or other information relating to performance of the programs and activities funded under subparagraph (F)(viii).

“(cc) Employment and training activities funded under this subclause are not subject to subparagraph (F)(vii), but are subject to monitoring under paragraph (h)(5).

“(II) Not less than 30 percent shall be reallocated to State agencies requesting such funds to implement or continue employment and training programs and activities under section 6(d)(4)(B)(i) that the Secretary determines have the most demonstrable impact on the ability of participants to find and retain employment that leads to increased household income and reduced reliance on public assistance, including programs and activities that are targeted to—

“(aa) individuals 50 years of age or older;

“(bb) formerly incarcerated individuals;

“(cc) individuals participating in a substance abuse treatment program;

“(dd) homeless individuals;

“(ee) people with disabilities seeking to enter the workforce;

“(ff) other individuals with substantial barriers to employment; or

“(gg) households facing multi-generational poverty, to support employment and workforce participation through an integrated and family-focused approach in providing supportive services.

“(III) The Secretary shall reallocate any remaining funds available under this subparagraph, to State agencies requesting such funds to use for employment and training programs and

activities that the Secretary determines have the most demonstrable impact on the ability of participants to find and retain employment that leads to increased household income and reduced reliance on public assistance under section 6(d)(4)(B)(i).

“(v) CONSIDERATION.—In reallocating funds under this subparagraph, a State agency that receives reallocated funds under clause (iv)(I) may also be considered for reallocated funding under clause (iv)(II).”, and (C) in subparagraph (D) by striking “\$50,000” and inserting “\$100,000”, and (2) in paragraph (5)(B) by adding at the end the following:

“(v) STATE OPTION.—The State agency may report relevant data from a workforce partnership carried out under section 6(d)(4)(N) to demonstrate the number of program participants served by the workforce partnership.”

(e) EXPIRED AUTHORITY.—Section 17(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2026(b)) is amended—

- (1) by striking paragraph (2), and
- (2) by redesignating paragraph (3) as paragraph (2).

SEC. 4006. IMPROVEMENTS TO ELECTRONIC BENEFIT TRANSFER SYSTEM.

(a) EBT PORTABILITY.—Section 7(f)(5) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(f)(5)) is amended by adding at the end the following:

“(C) OPERATION OF INDIVIDUAL POINT OF SALE DEVICE BY FARMERS’ MARKETS AND DIRECT MARKETING FARMERS.—A farmers’ market or direct marketing farmer that is exempt under paragraph (2)(B)(i) shall be allowed to operate an individual electronic benefit transfer point of sale device at more than 1 location under the same supplemental nutrition assistance program authorization, if—

“(i) the farmers’ market or direct marketing farmer provides to the Secretary information on location and hours of operation at each location; and

“(ii)(I) the point of sale device used by the farmers’ market or direct marketing farmer is capable of providing location information of the device through the electronic benefit transfer system; or

“(II) if the Secretary determines that the technology is not available for a point of sale device to meet the requirement under subclause (I), the farmers’ market or direct marketing farmer provides to the Secretary any other information, as determined by the Secretary, necessary to ensure the integrity of transactions processed using the point of sale device.”

(b) MODERNIZATION OF ELECTRONIC BENEFIT TRANSFER REGULATIONS.—The 1st sentence of section 7(h)(2) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)(2)) is amended by inserting “and shall periodically review such regulations and modify such regulations to take into account evolving technology and comparable industry standards” before the period at the end.

(c) BENEFIT RECOVERY.—Section 7(h)(12) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)(12)) is amended—

(1) in subparagraph (A) by inserting “, or due to the death of all members of the household” after “inactivity”, and

(2) by striking subparagraphs (B) and (C) and inserting the following:

“(B) BENEFIT STORAGE.—

“(i) IN GENERAL.—A State agency may store recovered electronic benefits off-line in accordance with clause (ii), if the household has not accessed the account after 3 months.

“(ii) NOTICE OF BENEFIT STORAGE.—A State agency shall—

“(I) send notice to a household the benefits of which are stored under clause (i); and

“(II) not later than 48 hours after request by the household, make the stored benefits available to the household.

“(C) BENEFIT EXPUNGING.—

“(i) IN GENERAL.—Subject to clause (ii), a State agency shall expunge benefits that have not been accessed by a household after a period of 9 months, or upon verification that all members of the household are deceased.

“(ii) NOTICE OF BENEFIT EXPUNGING.—Not later than 30 days before benefits are to be expunged under clause (i), a State agency shall—

“(I) provide sufficient notice to the household that benefits will be expunged due to inactivity, and the date upon which benefits will be expunged;

“(II) for benefits stored off-line in accordance with subparagraph (B), provide the household an opportunity to request that such benefits be restored to the household; and

“(III) not later than 48 hours after request by the household, make the benefits available to the household.”.

(d) PROHIBITED FEES.—Section 7 of the Food and Nutrition Act of 2008 (7 U.S.C. 2016) is amended—

(1) by amending subsection (h)(13) to read as follows:

“(13) FEES.—

“(A) INTERCHANGE FEES.—No interchange fees shall apply to electronic benefit transfer transactions under this subsection.

“(B) OTHER FEES.—Effective through fiscal year 2023, neither a State, nor any agent, contractor, or subcontractor of a State who facilitates the provision of supplemental nutrition assistance program benefits in such State may impose a fee for switching (as defined in subsection (j)(1)(H)) or routing such benefits.”, and

(2) by amending subsection (j)(1)(H) to read as follows:

“(H) SWITCHING.—The term ‘switching’ means the routing of an intrastate or interstate transaction that consists of transmitting the details of a transaction electronically recorded through the use of an electronic benefit transfer card in one State to the issuer of the card that may be in the same or different State.”.

(e) MOBILE TECHNOLOGIES.—Section 7(h)(14) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)(14)) is amended—

(1) by amending subparagraph (A) to read as follows:

“(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall authorize the use of mobile technologies for the purpose of accessing supplemental nutrition assistance program benefits.”,

(2) in subparagraph (B)—

(A) by striking the heading and inserting “DEMONSTRATION PROJECTS ON ACCESS OF BENEFITS THROUGH MOBILE TECHNOLOGIES”,

(B) by amending clause (i) to read as follows:

“(i) DEMONSTRATION PROJECTS.—Before authorizing implementation of subparagraph (A) in all States, the Secretary shall approve not more than 5 demonstration project proposals submitted by State agencies that will pilot the use of mobile technologies for supplemental nutrition assistance program benefits access.”,

(C) in clause (ii)—

(i) in the heading by striking “DEMONSTRATION PROJECTS” and inserting “PROJECT REQUIREMENTS”,

(ii) by striking “retail food store” the first place it appears and inserting “State agency”,

(iii) by striking “includes”,

(iv) by striking subclauses (I), (II), (III), and (IV), and inserting the following:

“(I) provides recipient protections regarding privacy, ease of use, household access to benefits, and support similar to the protections provided under existing methods;

“(II) ensures that all recipients, including those without access to mobile payment technology and those who shop across State borders, have a means of benefit access;

“(III) requires retail food stores, unless exempt under section 7(f)(2)(B), to bear the costs of acquiring and arranging for the implementation of point-of-sale equipment and supplies for the redemption of benefits that are accessed through mobile technologies;

“(IV) requires that foods purchased with benefits issued under this section through mobile technologies are purchased at a price not higher than the price of the same food purchased by other methods used by the retail food store, as determined by the Secretary;

“(V) ensures adequate documentation for each authorized transaction, adequate security measures to deter fraud, and adequate access to retail food stores that accept benefits accessed through mobile technologies, as determined by the Secretary;

“(VI) provides for an evaluation of the demonstration project, including, but not limited to, an evaluation of household access to benefits;

“(VII) requires that the State demonstration projects are voluntary for all retail food stores

and that all recipients are able to use benefits in non-participating retail food stores; and

“(VIII) meets other criteria as established by the Secretary.”,

(D) by amending clause (iii) to read as follows:

“(iv) DATE OF PROJECT APPROVAL.—The Secretary shall solicit and approve the qualifying demonstration projects required under subparagraph (B)(i) not later than January 1, 2021.”, and

(E) by inserting after clause (ii) the following:

“(iii) PRIORITY.—The Secretary may prioritize demonstration project proposals that would—

“(I) reduce fraud;

“(II) encourage positive nutritional outcomes;

and

“(III) meet such other criteria as determined by the Secretary.”, and

(3) in subparagraph (C)(i)—

(A) by striking “2017” and inserting “2022”, and

(B) by inserting “requires further study by way of an extended pilot period or” after “States” the 2d place it appears.

(f) APPROVAL OF RETAIL FOOD STORES.—Section 9 of the Food and Nutrition Act (7 U.S.C. 2018) is amended—

(1) in subsection (a)(1)—

(A) in the 4th sentence by striking “No retail food store” and inserting the following:

“(D) VISIT REQUIRED.—No retail food store”,

(B) in the 3d sentence by striking “Approval” and inserting the following:

“(C) CERTIFICATE.—Approval”,

(C) in the 2d sentence—

(i) by striking “food; and (D) the” and inserting the following: “food;

“(iv) any information, if available, about the ability of the anticipated or existing electronic benefit transfer equipment and service provider of the applicant to provide sufficient information through the electronic benefit transfer system to minimize the risk of fraudulent transactions; and

“(v) the”,

(ii) by striking “concern; (C) whether” and inserting the following: “concern;

“(iii) whether”,

(iii) by striking “applicant; (B) the” and inserting the following: “applicant;

“(ii) the”,

(iv) by striking “following: (A) the nature” and inserting the following: “following:

“(i) the nature”, and

(v) in the matter preceding clause (i), as so designated, by striking “In determining” and inserting the following:

“(B) FACTORS FOR CONSIDERATION.—In determining”,

and

(D) in the 1st sentence by striking “(a)(1) Regulations” and inserting the following:

“(a) AUTHORIZATION TO ACCEPT AND REDEEM BENEFITS.—

“(1) APPLICATIONS.—

“(A) IN GENERAL.—Regulations”,

(2) in subsection (a) by adding at the end the following:

“(4) ELECTRONIC BENEFIT TRANSFER EQUIPMENT AND SERVICE PROVIDERS.—Before implementing clause (iv) of paragraph (1)(B), the Secretary shall issue guidance for retail food stores on how to select electronic benefit transfer equipment and service providers that are able to meet the requirements of that clause.”, and

(3) in the 1st sentence of subsection (c) by inserting “records relating to electronic benefit transfer equipment and related services, transaction and redemption data provided through the electronic benefit transfer system,” after “purchase invoices,”.

SEC. 4007. REVIEW OF SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM OPERATIONS.

Section 9 of the Food and Nutrition Act of 2008 (7 U.S.C. 2018) is amended by adding at the end the following:

“(i) REVIEW OF PROGRAM OPERATIONS.—

“(1) REVIEW BY THE SECRETARY.—The Secretary—

“(A) shall review a representative sample of currently authorized facilities referred to in section 3(k)(3) to determine whether benefits are properly used by or on behalf of participating households residing in such facilities and whether such facilities are using more than 1 source of Federal or State funding to meet the food needs of residents;

“(B) may carry out similar reviews for currently participating residential drug and alcohol treatment and rehabilitation programs, and group living arrangements for the blind and disabled, referred to in section 3(k);

“(C) shall gather information, and such facilities, programs, and arrangements shall be required to submit information deemed necessary for a full and thorough review; and

“(D) shall report the results of these reviews to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than 18 months after the date of the enactment of the Agriculture Improvement Act of 2018, along with recommendations regarding—

“(i) any additional requirements or oversight that would be appropriate for such facilities, programs, and arrangements; and

“(ii) whether such facilities, programs, and arrangements should continue to be authorized to participate in the supplemental nutrition assistance program.

“(2) LIMITATION.—Nothing in this subsection shall authorize the Secretary to deny any application for continued authorization, any application for authorization, or any request to withdraw the authorization of any such facility, program, or arrangement based on a determination that residents of any such facility or entity are residents of an institution for

a period of 18 months from the date of enactment of the Agriculture Improvement Act of 2018.”

SEC. 4008. RETAIL INCENTIVES.

Section 9 of the Food and Nutrition Act of 2008 (7 U.S.C. 2018), as amended by section 4007, is amended by adding at the end the following:

“(j) INCENTIVES.—

“(1) DEFINITION OF ELIGIBLE INCENTIVE FOOD.—In this subsection, the term ‘eligible incentive food’ means—

“(A) a staple food that is identified for increased consumption, consistent with the most recent dietary recommendations; and

“(B) a fruit, vegetable, dairy, whole grain, or product thereof.

“(2) GUIDANCE.—

“(A) IN GENERAL.—The Secretary shall issue guidance to clarify the process by which an approved retail food store may seek a waiver to offer an incentive, which may be used only for the purchase of an eligible incentive food at the point of purchase, to a household purchasing food with benefits issued under this Act.

“(B) GUIDANCE.—The guidance under subparagraph (A) shall establish a process under which an approved retail food store, prior to carrying out an incentive program under this subsection, shall provide to the Secretary information describing the incentive program, including—

“(i) the types of incentives that will be offered;

“(ii) the types of foods that will be incentivized for purchase; and

“(iii) an explanation of how the incentive program intends to support meeting dietary intake goals.

“(3) NO LIMITATION ON BENEFITS.—A waiver granted under this subsection shall not be used to carry out any activity that limits the use of benefits under this Act or any other Federal nutrition law.

“(4) EFFECT.—Guidance provided under this subsection shall not affect any requirements under section 4405 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7517), including the eligibility of a retail food store to participate in a project funded under such section.

“(5) REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report describing the types of incentives approved under this subsection.”

SEC. 4009. REQUIRED ACTION ON DATA MATCH INFORMATION.

Section 11(e) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(e)) is amended—

(1) in paragraph (24) by striking “and” after the semicolon,

(2) in paragraph (25) by striking the period at the end and inserting “; and”, and

(3) by adding at the end the following:

“(26) that for a household participating in the supplemental nutrition assistance program, the State agency shall pursue clarification and verification, if applicable, of information relating to the circumstances of the household received from

data matches for the purpose of ensuring an accurate eligibility and benefit determination, only if the information—

“(A) appears to present significantly conflicting information from the information that was used by the State agency at the time of certification of the household;

“(B) is obtained from data matches carried out under subsection (q), (r), or (x); or

“(C)(i) is less than 60 days old relative to the current month of participation of the household; and

“(ii) if accurate, would have been required to be reported by the household based on the reporting requirements assigned to the household by the State agency under section 6(c).”.

SEC. 4010. INCENTIVIZING TECHNOLOGY MODERNIZATION.

Section 11(t) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(t)) is amended—

(1) by striking the heading and inserting “GRANTS FOR SIMPLIFIED APPLICATION AND ELIGIBILITY DETERMINATION SYSTEMS AND IMPROVED ACCESS TO BENEFITS”;

(2) in paragraph (1) by striking “implement—” and all that follows through the period at the end, and inserting “implement supplemental nutrition assistance program simplified application and eligibility determination systems.”, and

(3) in paragraph (2)—

(A) by amending subparagraph (B) to read as follows:

“(B) establishing enhanced technological methods that improve the administrative infrastructure used in processing applications and determining eligibility; or”;

(B) by striking subparagraphs (C) and (D), and

(C) by redesignating subparagraph (E) as subparagraph (C).

SEC. 4011. INTERSTATE DATA MATCHING TO PREVENT MULTIPLE ISSUANCES.

Section 11 of the Food and Nutrition Act of 2008 (7 U.S.C. 2020), as amended by section 4005(c), is amended by adding at the end the following:

“(x) NATIONAL ACCURACY CLEARINGHOUSE.—

“(1) DEFINITION OF INDICATION OF MULTIPLE ISSUANCE.— In this subsection, the term ‘indication of multiple issuance’ means an indication, based on a computer match, that supplemental nutrition assistance program benefits are being issued to an individual by more than 1 State agency simultaneously.

“(2) ESTABLISHMENT.—

“(A) IN GENERAL.—The Secretary shall establish an interstate data system, to be known as the ‘National Accuracy Clearinghouse’, to prevent multiple issuances of supplemental nutrition assistance program benefits to an individual by more than 1 State agency simultaneously.

“(B) DATA MATCHING.—The Secretary shall require that State agencies make available to the National Accuracy Clearinghouse only such information as is necessary for the purpose described in subparagraph (A).

“(C) DATA PROTECTION.—The information made available by State agencies under subparagraph (B)—

“(i) shall be used only for the purpose described in subparagraph (A);

“(ii) shall be exempt from the disclosure requirements of section 552(a) of title 5 of the United States Code pursuant to section 552(b)(3) of title 5 of the United States Code, to the extent such information is obtained or received by the Secretary;

“(iii) shall not be retained for longer than is necessary to accomplish the purpose in subparagraph (A);

“(iv) shall be used in a manner that protects the identity and location of a vulnerable individual (including a victim of domestic violence) that is an applicant for, or recipient of, supplemental nutrition assistance program benefits; and

“(v) shall meet security standards as determined by the Secretary.

“(3) ISSUANCE OF INTERIM FINAL REGULATIONS.—Not later than 18 months after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall promulgate regulations (which shall include interim final regulations) to carry out this subsection that—

“(A) incorporate best practices and lessons learned from the pilot program under section 4032(c) of the Agricultural Act of 2014 (7 U.S.C. 2036c(c));

“(B) require a State agency to take appropriate action, as determined by the Secretary, with respect to each indication of multiple issuance of supplemental nutrition assistance program benefits, or each indication that an individual receiving such benefits in 1 State has applied to receive such benefits in another State, while ensuring timely and fair service to applicants for, and recipients of, such benefits;

“(C) establish standards to limit and protect the information submitted through or retained by the National Accuracy Clearinghouse consistent with paragraph (2)(C);

“(D) establish safeguards to protect—

“(i) the information submitted through or retained by the National Accuracy Clearinghouse, including by limiting the period of time that information is retained to the period necessary to accomplish the purpose described in paragraph (2)(A); and

“(ii) the privacy of information that is submitted through or retained by the National Accuracy Clearinghouse consistent with subsection (e)(8); and

“(E) include such other rules and standards the Secretary determines appropriate to carry out this subsection.

“(4) TIMING.—The initial match and corresponding actions required by paragraph (3)(B) shall occur within 3 years after the date of the enactment of the Agriculture Improvement Act of 2018.”

SEC. 4012. REQUIREMENT OF LIVE-PRODUCTION ENVIRONMENTS FOR CERTAIN PILOT PROJECTS RELATING TO COST SHARING FOR COMPUTERIZATION.

Section 16(g)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(g)(1)) is amended—

(1) in subparagraph (F) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and indenting appropriately;

(2) by redesignating subparagraphs (A) through (F) as clauses (i) through (vi), respectively, and indenting appropriately;

(3) in the matter preceding clause (i), as so redesignated—

(A) by striking “paragraphs (2) and (3)” and inserting “paragraph (2)”; and

(B) by striking “in the planning” and inserting the following: “in the—

“(A) planning”,

(4) in clause (v), as so redesignated, of subparagraph (A), as so designated, by striking “implementation, including through pilot projects in limited areas for major systems changes as determined under rules promulgated by the Secretary, data from which” and inserting the following: “implementation, including a requirement that—

“(I) such testing shall be accomplished through pilot projects in limited areas for major systems changes (as determined under rules promulgated by the Secretary);

“(II) each pilot project described in subclause (I) that is carried out before the implementation of a system shall be conducted in a live-production environment; and

“(III) the data resulting from each pilot project carried out under this clause”;

(5) in clause (vi), as so redesignated, by striking the period at end and inserting “; and”, and

(6) by adding at the end the following:

“(B) operation of 1 or more automatic data processing and information retrieval systems that the Secretary determines may continue to be operated in accordance with clauses (i) through (vii) of subparagraph (A).”.

SEC. 4013. QUALITY CONTROL IMPROVEMENTS.

(a) RECORDS.—Section 11(a)(3)(B) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(a)(3)(B)) is amended—

(1) by striking “Records described” and inserting “All records, and the entire information systems in which records are contained, that are covered”, and

(2) by amending clause (i) to read as follows:

“(i) be made available for inspection and audit by the Secretary, subject to data and security protocols agreed to by the State agency and Secretary”.

(b) QUALITY CONTROL SYSTEM.—Section 16(c)(1)(B) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(c)(1)(B)) is amended to read as follows:

“(B) QUALITY CONTROL SYSTEM INTEGRITY.—

“(i) IN GENERAL.—Not later than 180 days after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall issue interim final regulations that—

“(I) ensure that the quality control system established under this subsection produces valid statistical results;

“(II) provide for oversight of contracts entered into by a State agency for the purpose of improving payment accuracy;

“(III) ensure the accuracy of data collected under the quality control system established under this subsection; and

“(IV) for each fiscal year, to the maximum extent practicable, provide for the evaluation of the integrity of the quality control process of not fewer than 2 State agencies, selected in accordance with criteria determined by the Secretary.

“(ii) DEBARMENT.—In accordance with the non-procurement debarment procedures under part 417 of title 2, Code of Federal Regulations, or successor regulations, the Secretary shall debar any person that, in carrying out the quality control system established under this subsection, knowingly submits, or causes to be submitted, false information to the Secretary.”.

(c) REPORTING REQUIREMENTS.—The 1st sentence of section 16(c)(4) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(c)(4)) is amended by inserting “, including providing access to applicable State records and the entire information systems in which the records are contained,” after “necessary”.

(d) STATE PERFORMANCE INDICATORS.—Section 16(d) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(d)) is amended—

(1) by striking the heading and inserting “STATE PERFORMANCE INDICATORS”,

(2) in paragraph (2)—

(A) in the heading by striking “AND THEREAFTER” and inserting “THROUGH 2017”,

(B) in subparagraph (A) by striking “and each fiscal year thereafter” and inserting “through fiscal year 2017”, and

(C) in subparagraph (B) by striking “and each fiscal year thereafter” and inserting “through fiscal year 2017”, and

(3) by adding at the end the following:

“(6) FISCAL YEAR 2018 AND FISCAL YEARS THEREAFTER.—

“(A) With respect to fiscal year 2018 and each fiscal year thereafter, the Secretary shall establish, by regulation, performance criteria relating to—

“(i) actions taken to correct errors, reduce rates of error, and improve eligibility determinations; and

“(ii) other indicators of effective administration determined by the Secretary.

“(B) The Secretary shall not award performance bonus payments to State agencies in fiscal year 2019 for fiscal year 2018 performance.”.

(e) COST SHARING FOR COMPUTERIZATION.—Section 16(g)(1)(A) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(g)(1)(A)), as amended by section 4012, is amended—

(1) in clause (v)(III) by striking “and”, and

(2) by adding at the end the following:

“(vii) would be accessible by the Secretary for inspection and audit under section 11(a)(3)(B); and”.

SEC. 4014. EVALUATION OF CHILD SUPPORT ENFORCEMENT COOPERATION REQUIREMENTS.

Section 17 of the Food and Nutrition Act of 2008 (7 U.S.C. 2026) is amended by adding at the end the following:

“(m) EVALUATION OF CHILD SUPPORT ENFORCEMENT COOPERATION REQUIREMENTS.—

“(1) IN GENERAL.—The Secretary, in consultation with the Secretary of Health and Human Services, shall conduct an independent evaluation of a representative sample of States—

“(A) to assess the implementation and impact of the eligibility requirements described in subsections (l) through (n) of section 6 in States that have formerly implemented or continue to implement those requirements, and the feasibility of implementing those requirements in other States;

“(B) to assess the factors that contributed to the decision of States that formerly implemented the eligibility requirements described in each of subsections (l) through (n) of section 6 to cease such implementation;

“(C) to review alternatives to the eligibility requirements described in each of subsections (l) through (n) of section 6 that are used by other States to assist participants in the supplemental nutrition assistance program to make or receive child support payments and the effectiveness of those alternatives; and

“(D) to evaluate the costs and benefits to households and to State agencies, of requiring State agencies to implement each of the eligibility requirements described in subsections (l) through (n) of section 6.

“(2) EVALUATION.—The evaluation under paragraph (1) shall include, to the maximum extent practicable, an assessment of—

“(A) the manner in which applicable State agencies implement and enforce the eligibility requirements described in subparagraph (A) of such paragraph, including—

“(i) the procedures used by each State to determine cooperation, to sanction participants for failure to cooperate, and to determine good cause for noncooperation under each of subsections (l) through (n) of section 6; and

“(ii) the manner in which each State aligns the procedures for implementing those eligibility requirements with procedures for implementing other Federal programs that require cooperation with child support enforcement, including the program of block grants to States for temporary assistance for needy families established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the Medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), and programs carried out under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9857 et seq.);

“(B) the Federal, State, and local costs associated with implementing those eligibility requirements, including costs incurred under this Act and by child support enforcement agencies for personnel, technology upgrades, and other costs;

“(C) the effect of those eligibility requirements on the establishment of new child support orders, the establishment of paternity, changes in child support payments to

custodial households, and changes in arrears owed on child support orders;

“(D) with respect to the eligibility requirements under each of subsections (l) through (n) of section 6—

“(i) the number of individuals subject to those requirements;

“(ii) the number of individuals in each State who meet those requirements; and

“(iii) the number of individuals in each State who fail to meet those requirements;

“(E) the number of individuals in each State for whom good cause for noncooperation has been found under section 6(1)(2);

“(F) the impact of those eligibility requirements on the supplemental nutrition assistance program eligibility, benefit levels, food security, income, and economic stability of—

“(i) individuals subject to those requirements;

“(ii) the household members of those individuals, including children; and

“(iii) households with nontraditional family structures, including a household in which a grandparent is the primary caretaker of a grandchild of the grandparent.

“(3) STATE AGENCY COOPERATION.—Each State agency selected under paragraph (1) shall provide information to the Secretary necessary to conduct the evaluation under such paragraph.

“(4) REPORT.—Not later than 3 years after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the findings from the evaluation conducted under paragraph (1).”.

SEC. 4015. LONGITUDINAL DATA FOR RESEARCH.

(a) LONGITUDINAL DATA.—Section 17 of the Food and Nutrition Act of 2008 (7 U.S.C. 2026), as amended by section 4014, is amended by adding at the end the following:

“(n) LONGITUDINAL DATA FOR RESEARCH.—

“(1) IN GENERAL.—Subject to paragraphs (3) through (5), a State agency may, on approval by the Secretary, establish a longitudinal database that contains information about households and members of households that receive benefits under the supplemental nutrition assistance program in the State.

“(2) PURPOSE.—Each longitudinal database established under paragraph (1) shall be used solely to conduct research on participation in and the operation of the supplemental nutrition assistance program, including duration of participation in the program.

“(3) REQUIREMENTS FOR DATABASES.—Prior to the approval of State agencies to establish longitudinal databases under paragraph (1), the Secretary shall—

“(A) identify features that shall be standard across States such as database format to facilitate use of longitudinal databases established under paragraph (1) for research purposes;

“(B) identify features of longitudinal databases established under paragraph (1) that may vary across States;

“(C) identify a procedure for States operating longitudinal databases under paragraph (1) to use a unique identifier to provide relevant information on household members who receive benefits under the supplemental nutrition assistance program for the purpose of comparing participation data in multiple participating States over time while protecting participant privacy;

“(D) establish the manner in which data security and privacy protections, as required by Federal law and consistent with other appropriate practices, shall be implemented and maintained;

“(E) provide direction to State agencies on the responsibilities of and funding arrangements for State agencies and any State contractors (including entities providing technical assistance) relating to the establishment and operation of a longitudinal database;

“(F) provide a description of the documentation that States shall submit to the Secretary prior to allowing researchers access to a longitudinal database;

“(G) consult with other Federal research agencies, including the Bureau of the Census;

“(H) consult with States that have already established databases used for purposes similar to the purposes outlined in this subsection; and

“(I) identify any other requirements determined appropriate by the Secretary.

“(4) INCLUDED DATA.—

“(A) IN GENERAL.—Subject to subparagraph (B), each longitudinal database established under paragraph (1)—

“(i) shall include monthly information about households and members of households that receive benefits under the supplemental nutrition assistance program in the participating State taken from existing information collected by the State agency including, if available,—

“(I) demographic characteristics;

“(II) income and financial resources (as described in section 5(g));

“(III) employment status;

“(IV) household circumstances, such as deductible expenses; and

“(V) the amount of the monthly allotment received under the supplemental nutrition assistance program; and

“(ii) may include information from other State data sources such as—

“(I) earnings and employment data from the State department of labor;

“(II) health insurance program data; or

“(III) data from participation in other programs administered by the State.

“(B) DATA PROTECTION.—Any State that establishes a longitudinal database under paragraph (1) shall, in accordance with all applicable Federal and State privacy standards and requirements—

“(i) protect the privacy of information about each member of each household that receives benefits under the supplemental nutrition assistance program in such State by ensuring that no personally identifiable information (including social security number, home address, or contact information) is included in the longitudinal database; and

“(ii) make the data under this paragraph available to researchers and the Secretary.

“(5) APPROVAL.—The Secretary shall approve the establishment of longitudinal databases under paragraph (1) in States that—

“(A) meet the requirements for databases under paragraph (3) and (4)(B);

“(B) reflect a range of participant numbers, demographics, operational structures, and geographic regions; and

“(C) have the capacity to provide on a periodic and ongoing basis household and participant data derived from the eligibility system and other data sources of the State.

“(6) GRANTS.—

“(A) IN GENERAL.—In carrying out this subsection, the Secretary may provide grants to States that have been approved by the Secretary in accordance with paragraph (5) out of funds made available under paragraph (9).

“(B) METHOD OF AWARDING GRANTS.—Grants awarded under this paragraph shall be made in such amounts and under such terms and conditions as the Secretary determines necessary to carry out the purposes of this subsection.

“(7) REPORT.—

“(A) IN GENERAL.—Not later than 4 years after the effective date of this subsection, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the feasibility of expanding implementation of longitudinal databases to every State.

“(B) CONTENTS.—The report required under subparagraph (A) shall describe—

“(i) the cost of expanding implementation of longitudinal databases with consistent data to every State;

“(ii) the challenges and benefits of using State longitudinal databases with consistent data; and

“(iii) alternatives to expanding implementation of longitudinal databases with consistent data to every State that may achieve similar research outcomes and the advantages and disadvantages of those alternatives.

“(8) EFFECT.—Nothing in this subsection shall be construed to prevent or limit the ability of State agencies to establish

or continue operating databases used for purposes similar to the purposes outlined in this subsection.

“(9) FUNDING.—Of the funds made available under section 18, the Secretary shall use to carry out this subsection—

“(A) \$20,000,000 for fiscal year 2019 to remain available through fiscal year 2021; and

“(B) \$5,000,000 for fiscal year 2022 and each fiscal year thereafter.”.

(b) CONFORMING AMENDMENT.—The 1st sentence of section 16(a) of the Food and Nutrition Act of 2008 is amended—

(1) by striking “and (8)” and inserting “(8)”; and

(2) by inserting “, and (9) establishing and operating a longitudinal database in accordance with section 17(n)” before “: *Provided*”.

SEC. 4016. AUTHORIZATION OF APPROPRIATIONS.

The 1st sentence of section 18(a)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2027(a)(1)) is amended by striking “2018” and inserting “2023”.

SEC. 4017. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.

Section 25(b)(2) of the Food and Nutrition Act of 2008 (7 U.S.C. 2034(b)(2)) is amended—

(1) in subparagraph (B) by striking “and” at the end,

(2) in subparagraph (C) by striking “fiscal year 2015 and each fiscal year thereafter.” and inserting “each of fiscal years 2015 through 2018; and”, and

(3) by adding at the end the following:

“(D) \$5,000,000 for fiscal year 2019 and each fiscal year thereafter.”.

SEC. 4018. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) STATE PLAN.—Section 202A(b) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7503(b)) is amended—

(1) in paragraph (3), by striking “and” after the semicolon;

(2) in paragraph (4), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

“(5) at the option of the State agency, describe a plan of operation for 1 or more projects in partnership with 1 or more emergency feeding organizations located in the State to harvest, process, package, or transport donated commodities received under section 203D(d); and

“(6) describe a plan, which may include the use of a State advisory board established under subsection (c), that provides emergency feeding organizations or eligible recipient agencies within the State an opportunity to provide input on the commodity preferences and needs of the emergency feeding organization or eligible recipient agency.”.

(b) STATE AND LOCAL SUPPLEMENTATION OF COMMODITIES.—Section 203D of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7507) is amended by adding at the end the following:

“(d) PROJECTS TO HARVEST, PROCESS, PACKAGE, OR TRANSPORT DONATED COMMODITIES.—

“(1) DEFINITION OF PROJECT.—In this subsection, the term ‘project’ means the harvesting, processing, packaging, or transportation of unharvested, unprocessed, or unpackaged commodities donated by agricultural producers, processors, or

distributors for use by emergency feeding organizations under subsection (a).

“(2) FEDERAL FUNDING FOR PROJECTS.—

“(A) IN GENERAL.—Subject to subparagraphs (B) and (C) and paragraph (3), using funds made available under paragraph (5), the Secretary may provide funding to States to pay for the costs of carrying out a project.

“(B) FEDERAL SHARE.—The Federal share of the cost of a project under subparagraph (A) shall not exceed 50 percent of the total cost of the project.

“(C) ALLOCATION.—

“(i) IN GENERAL.—Each fiscal year, the Secretary shall allocate the funds made available under subparagraph (A), based on a formula determined by the Secretary, to States that have submitted a State plan describing a plan of operation for a project under section 202A(b)(5).

“(ii) REALLOCATION.—If the Secretary determines that a State will not expend all of the funds allocated to the State for a fiscal year under clause (i), the Secretary shall reallocate the unexpended funds to other States that have submitted under section 202A(b)(5) a State plan describing a plan of operation for a project during that fiscal year or the subsequent fiscal year, as the Secretary determines appropriate.

“(iii) REPORTS.—Each State to which funds are allocated for a fiscal year under this subparagraph shall, on a regular basis, submit to the Secretary financial reports describing the use of the funds.

“(3) PROJECT PURPOSES.—A State may only use Federal funds received under paragraph (2) for a project the purposes of which are—

“(A) to reduce food waste at the agricultural production, processing, or distribution level through the donation of food;

“(B) to provide food to individuals in need; and

“(C) to build relationships between agricultural producers, processors, and distributors and emergency feeding organizations through the donation of food.

“(4) COOPERATIVE AGREEMENTS.—The Secretary may encourage a State agency that carries out a project using Federal funds received under paragraph (2) to enter into cooperative agreements with State agencies of other States under section 203B(d) to maximize the use of commodities donated under the project.

“(5) FUNDING.—Out of funds not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this subsection \$4,000,000 for each of fiscal years 2019 through 2023, to remain available until the end of the subsequent fiscal year.”.

(c) FOOD WASTE.—Section 203D of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7507), as amended by subsection (b), is amended by adding at the end the following:

“(e) FOOD WASTE.—The Secretary shall issue guidance outlining best practices to minimize the food waste of the commodities donated under subsection (a).”.

(d) EMERGENCY FOOD PROGRAM INFRASTRUCTURE GRANTS.—Section 209(d) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7511a(d)) is amended by striking “2018” and inserting “2023”.

(e) AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.—Section 27(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2036(a)) is amended—

(1) in paragraph (1), by striking “2018” and inserting “2023”; and

(2) in paragraph (2)—

(A) in subparagraph (C), by striking “2018” and inserting “2023”;

(B) in subparagraph (D)—

(i) in the matter preceding clause (i), by striking “2018” and inserting “2023”;

(ii) in clause (iii), by striking “and” after the semicolon;

(iii) in clause (iv), by striking “and” after the semicolon;

(iv) by adding at the end the following:

“(v) for fiscal year 2019, \$23,000,000;

“(vi) for fiscal year 2020, \$35,000,000;

“(vii) for fiscal year 2021, \$35,000,000;

“(viii) for fiscal year 2022, \$35,000,000; and

“(ix) for fiscal year 2023, \$35,000,000; and”;

(C) in subparagraph (E)—

(i) by striking “2019” and inserting “2024”;

(ii) by striking “(D)(iv)” and inserting “(D)(ix)”;

(iii) by striking “June 30, 2017” and inserting “June 30, 2023”.

SEC. 4019. NUTRITION EDUCATION.

Section 28(c) of the Food and Nutrition Act of 2008 (7 U.S.C. 2036a(c)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (B)—

(i) in the matter preceding clause (i), by striking “Except as provided in subparagraph (C), a” and inserting “A”;

(ii) in clause (ii) by striking “and” after the semicolon,

(iii) by redesignating clause (iii) as clause (iv), and

(iv) by inserting after clause (ii) the following:

“(iii) describe how the State agency shall use an electronic reporting system to—

“(I) measure and evaluate the projects; and

“(II) account for the allowable State agency administrative costs including for—

“(aa) salaries and benefits of State agency personnel;

“(bb) office supplies and equipment;

“(cc) travel costs;

“(dd) development and production of nutrition education materials;

“(ee) memberships, subscriptions, and professional activities;

“(ff) lease or rental costs;
“(gg) maintenance and repair expenses;
“(hh) indirect costs; and
“(ii) cost of using publicly-owned building
space; and”, and

(B) by striking subparagraph (C),

(2) in paragraph (3)(B) in the matter preceding clause (i), by inserting “, the Director of the National Institute of Food and Agriculture,” before “and outside stakeholders”,

(3) in paragraph (5) by inserting “the expanded food and nutrition education program or” before “other health promotion”, and

(4) by adding at the end the following:

“(6) INFORMATION CLEARINGHOUSE.—The Secretary shall establish an online clearinghouse that makes available to State agencies, local agencies, institutions of higher education, and community organizations best practices for planning, implementing, and evaluating nutrition education and obesity prevention services to ensure that projects carried out with funds received under this section are appropriate for the target population.

“(7) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance to a State agency in developing and implementing a nutrition education State plan, including—

“(A) by identifying common challenges faced by entities described in paragraph (6) that participate in projects carried out with funds received under this section;

“(B) by coordinating efforts to address those common challenges;

“(C) by collecting and disseminating information on evidence-based practices relating to nutrition education and obesity prevention;

“(D) by facilitating communication between and among grantees and subgrantees of funds received under this section;

“(E) by assisting State agencies in creating or maintaining systems to compile program data; and

“(F) by performing or assisting with other activities, as determined by the Secretary.

“(8) ANNUAL STATE REPORT.—Each State agency that delivers nutrition education and obesity prevention services under this subsection shall submit to the Secretary an annual report, which shall be made publicly available by the Secretary, that includes—

“(A) the use of funds on the State agency’s program, including for each category of allowable State agency administrative costs identified in paragraph (2)(B)(iii)(II);

“(B) a description of each project carried out by that agency under this subsection, including, with respect to the project, the target population, interventions, educational materials used, key performance indicators used, and evaluations made;

“(C) a comprehensive analysis of the impacts and outcomes—

“(i) of the project, including with respect to the elements described in subparagraph (A); and

“(ii) to the extent practicable, of completed multiyear projects; and

“(D) the status of any ongoing multiyear project.

“(9) ANNUAL FEDERAL REPORT.—The Administrator of the Food and Nutrition Service, in consultation with the Director of the National Institute of Food and Agriculture, shall annually submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

“(A) evaluates the level of coordination between—

“(i) the nutrition education and obesity prevention grant program under this section;

“(ii) the expanded food and nutrition education program under section 1425 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175); and

“(iii) any other nutrition education program administered by the Department of Agriculture; and

“(B) includes the use of funds on such programs including State agency administrative costs reported by States under paragraph (8)(A).”.

SEC. 4020. RETAIL FOOD STORE AND RECIPIENT TRAFFICKING.

Section 29(c)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2036b(c)(1)) is amended by striking “2018” and inserting “2023”.

SEC. 4021. PUBLIC-PRIVATE PARTNERSHIPS.

The Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

7 USC 2036d.

“SEC. 30. PILOT PROJECTS TO ENCOURAGE THE USE OF PUBLIC-PRIVATE PARTNERSHIPS COMMITTED TO ADDRESSING FOOD INSECURITY.

“(a) IN GENERAL.—The Secretary may, on application of eligible entities, approve not more than 10 pilot projects to support public-private partnerships that address food insecurity and poverty.

“(b) DEFINITIONS.—For purposes of this section—

“(1) the term ‘eligible entity’ means—

“(A) a nonprofit organization;

“(B) a community-based organization;

“(C) an institution of higher education; or

“(D) a private entity, as determined by the Secretary;

and

“(2) the term ‘public agency’ means a department, agency, other unit, or instrumentality of Federal, State, or local government.

“(c) PROJECT REQUIREMENTS.—Projects approved under this section shall—

“(1) be limited to 2 years in length; and

“(2) include a collaboration between one or more public agencies and one or more eligible entities that—

“(A) improves the effectiveness and impact of the supplemental nutrition assistance program;

“(B) develops food security solutions that are specific to the needs of a community or region; and

“(C) strengthens the capacity of communities to address food insecurity and poverty.

“(d) EVALUATION.—The Secretary shall provide for an independent evaluation of pilot projects approved under this section that includes—

“(1) a summary of the activities conducted under the pilot projects;

“(2) an assessment of the effectiveness of the pilot projects; and

“(3) best practices regarding the use of public-private partnerships to improve the effectiveness of public benefit programs to address food insecurity and poverty.

“(e) FUNDING.—

“(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$5,000,000 to remain available until expended.

“(2) APPROPRIATION IN ADVANCE.—Only funds appropriated under paragraph (1) in advance specifically to carry out this section shall be available to carry out this section.”.

SEC. 4022. TECHNICAL CORRECTIONS.

The Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) is amended—

(1) in section 3—

(A) in subsections (d) and (i) by striking “7(i)” and inserting “7(h)”, and

(B) in subsection (o)(1)(A) by striking “(r)(1)” and inserting “(q)(1)”,

(2) in section 5(a) by striking “and section” each place it appears and all that follows through “households” the respective next place it appears, and inserting “and section 3(m)(4), households”,

(3) in subsections (e)(1) and (f)(1)(A)(i) of section 8 by striking “3(n)(5)” and inserting “3(m)(5)”,

(4) in the 1st sentence of section 10—

(A) by striking “or the Federal Savings and Loan Insurance Corporation” each place it appears, and

(B) by striking “3(p)(4)” and inserting “3(o)(4)”,

(5) in section 11—

(A) in subsection (a)(2) by striking “3(t)(1)” and inserting “3(s)(1)”, and

(B) in subsection (d)—

(i) by striking “3(t)(1)” each place it appears and inserting “3(s)(1)”, and

(ii) by striking “3(t)(2)” each place it appears and inserting “3(s)(2)”, and

(C) in subsection (e)—

(i) in paragraph (17) by striking “3(t)(1)” inserting “3(s)(1)”, and

(ii) in paragraph (23) by striking “Simplified Supplemental Nutrition Assistance Program” and inserting “simplified supplemental nutrition assistance program”,

(6) in section 15(e) by striking “exchange” and all that follows through “anything”, and inserting “exchange for benefits, or anything”,

(7) in section 17(b)(1)(B)(iv)(III)(aa) by striking “3(n)” and inserting “3(m)”,

(8) in section 25(a)(1)(B)(i)(I) by striking the 2d semicolon at the end, and

(9) in section 26(b) by striking “out” and all that follows through “(referred”, and inserting “out a simplified supplemental nutrition assistance program (referred”.

Subtitle B—Commodity Distribution Programs

SEC. 4101. COMMODITY DISTRIBUTION PROGRAM.

The 1st sentence of section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by striking “2018” and inserting “2023”.

SEC. 4102. COMMODITY SUPPLEMENTAL FOOD PROGRAM.

Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93-86) is amended—

(1) in subsection (a)—

(A) in paragraph (1) by striking “2018” and inserting “2023”, and

(B) in paragraph (2)(B), in the matter preceding clause (i), by striking “2018” and inserting “2023”,

(2) in subsection (d)(2), in the 1st sentence, by striking “2018” and inserting “2023”, and

(3) in subsection (g)—

(A) by striking “Except” and inserting the following: “(1) IN GENERAL.—Except”, and

(B) by adding at the end the following:

“(2) CERTIFICATION.—

“(A) DEFINITION OF CERTIFICATION PERIOD.—In this paragraph, the term ‘certification period’ means the period during which a participant in the commodity supplemental food program in a State may continue to receive benefits under the commodity supplemental food program without a formal review of the eligibility of the participant.

“(B) MINIMUM CERTIFICATION PERIOD.—Subject to subparagraphs (C) and (D), a State shall establish for the commodity supplemental food program of the State a certification period of—

“(i) not less than 1 year; but

“(ii) not more than 3 years.

“(C) TEMPORARY CERTIFICATION.—An eligible applicant for the commodity supplemental food program in a State may be provided with a temporary monthly certification to fill any caseload slot resulting from nonparticipation by certified participants.

“(D) APPROVALS.—A certification period of more than 1 year established by a State under subparagraph (B) shall be subject to the approval of the Secretary, who shall approve such a certification period on the condition that, with respect to each participant receiving benefits under the commodity supplemental food program of the State, the local agency in the State administering the commodity supplemental food program, on an annual basis during the certification period applicable to the participant—

“(i) verifies the address and continued interest of the participant; and

“(ii) has sufficient reason to determine that the participant still meets the income eligibility standards under paragraph (1), which may include a determination that the participant has a fixed income.”.

SEC. 4103. DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.

Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(a)(2)(A)) is amended by striking “2018” and inserting “2023”.

SEC. 4104. FOOD DONATION STANDARDS.

Section 203D of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7507), as amended by section 4018(c), is amended by adding at the end the following:

“(f) FOOD DONATION STANDARDS.—

“(1) DEFINITIONS.—In this subsection:

“(A) APPARENTLY WHOLESOME FOOD.—The term ‘apparently wholesome food’ has the meaning given the term in section 22(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1791(b)).

“(B) INSTITUTION OF HIGHER EDUCATION.—The term ‘institution of higher education’ has the meaning given the term in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002).

“(C) QUALIFIED DIRECT DONOR.—The term ‘qualified direct donor’ means a retail food store, wholesaler, agricultural producer, restaurant, caterer, school food authority, or institution of higher education.

“(2) GUIDANCE.—

“(A) IN GENERAL.—Not later than 180 days after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall issue guidance to promote awareness of donations of apparently wholesome food protected under section 22(c) of the Child Nutrition Act of 1966 (42 U.S.C. 1791(c)) by qualified direct donors in compliance with applicable State and local health, food safety, and food handling laws (including regulations).

“(B) ISSUANCE.—The Secretary shall encourage State agencies and emergency feeding organizations to share the guidance issued under subparagraph (A) with qualified direct donors.”.

Subtitle C—Miscellaneous

SEC. 4201. SENIORS FARMERS’ MARKET NUTRITION PROGRAM.

Section 4402(a) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3007(a)) is amended by striking “2018” and inserting “2023”.

SEC. 4202. PURCHASE OF FRESH FRUITS AND VEGETABLES FOR DISTRIBUTION TO SCHOOLS AND SERVICE INSTITUTIONS.

Section 10603(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 612c-4(b)) is amended by striking “2018” and inserting “2023”.

SEC. 4203. SERVICE OF TRADITIONAL FOODS IN PUBLIC FACILITIES.

Section 4033(d)(1) of the Agricultural Act of 2014 (128 Stat. 818) is amended—

- (1) by striking “and” the 1st place it appears,
- (2) by inserting “, a State, a county or county equivalent, a local educational agency, and an entity or person authorized to facilitate the donation, storage, preparation, or serving of traditional food by the operator of a food service program” after “organization”, and
- (3) by inserting “storage, preparation, or” after “donation to or”.

SEC. 4204. HEALTHY FOOD FINANCING INITIATIVE.

Section 243 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6953) is amended—

- (1) in subsection (a), by inserting “and enterprises” after “retailers”;
- (2) in subsection (b)(3)(B)(iii), by inserting “and enterprises” after “retailers”; and
- (3) in subsection (c)(2)(B)(ii), by inserting “as applicable,” before “to accept”.

SEC. 4205. THE GUS SCHUMACHER NUTRITION INCENTIVE PROGRAM.

(a) **AMENDMENT TO PROGRAM.**—Section 4405 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7517) is amended—

- (1) by striking the heading and inserting “**THE GUS SCHUMACHER NUTRITION INCENTIVE PROGRAM**”,

(2) in subsection (a)—

(A) by amending paragraph (1) to read as follows:
“(1) **ELIGIBLE ENTITY.**—The term ‘eligible entity’ means a governmental agency or nonprofit organization.”,

(B) in paragraph (3) by striking “means the” and all that follows through the period at the end, and inserting the following:

“means—

“(A) the supplemental nutrition assistance program established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.); and

“(B) the programs for nutrition assistance under section 19 of such Act (7 U.S.C. 2028).”, and

(C) by adding at the end the following:

“(4) **HEALTHCARE PARTNER.**—The term ‘healthcare partner’ means a healthcare provider, including—

“(A) a hospital;

“(B) a Federally-qualified health center (as defined in section 1905(l) of the Social Security Act (42 U.S.C. 1396d(l)));

“(C) a hospital or clinic operated by the Secretary of Veterans Affairs; or

“(D) a healthcare provider group.

“(5) **MEMBER.**—The term ‘member’ means, as determined by the applicable eligible entity or healthcare partner carrying out a project under subsection (c) in accordance with procedures established by the Secretary—

“(A) an individual eligible for—

“(i) benefits under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.); or

“(ii) medical assistance under a State plan or a waiver of such a plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) and enrolled under such plan or waiver; and

“(B) a member of a low-income household that suffers from, or is at risk of developing, a diet-related health condition.”,

(3) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (B) by striking “The” and inserting “Except as provided in subparagraph (D)(iii), the”,

(ii) in subparagraph (C) by adding at the end the following:

“(iii) TRIBAL AGENCIES.—The Secretary may allow a Tribal agency to use funds provided to the Indian Tribe of the Tribal agency through a Federal agency (including the Indian Health Service) or other Federal benefit to satisfy all or part of the non-Federal share described in clause (i) if such use is otherwise consistent with the purpose of such funds.”,

(iii) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), and

(iv) by inserting after subparagraph (A) the following:

“(B) PARTNERS AND COLLABORATORS.—An eligible entity that receives a grant under this subsection may partner with, or make subgrants to, public, private, non-profit, or for-profit entities, including—

“(i) an emergency feeding organization;

“(ii) an agricultural cooperative;

“(iii) a producer network or association;

“(iv) a community health organization;

“(v) a public benefit corporation;

“(vi) an economic development corporation;

“(vii) a farmers’ market;

“(viii) a community-supported agriculture program;

“(ix) a buying club;

“(x) a retail food store participating in the supplemental nutrition assistance program;

“(xi) a State, local, or tribal agency;

“(xii) another eligible entity that receives a grant under this subsection; and

“(xiii) any other entity the Secretary designates.”,

(B) in paragraph (2)—

(i) by amending subparagraph (A) to read as follows:

“(A) IN GENERAL.—To receive a grant under this subsection, an eligible entity shall—

“(i) meet the application criteria set forth by the Secretary; and

“(ii) propose a project that, at a minimum—

“(I) has the support of the State agency administering the supplemental nutrition assistance program;

“(II) would increase the purchase of fruits and vegetables by low-income households participating

in the supplemental nutrition assistance program by providing an incentive for the purchase of fruits and vegetables at the point of purchase to a household purchasing food with supplemental nutrition assistance program benefits;

“(III) except in the case of projects receiving \$100,000 or less over 1 year, would measure the purchase of fruits and vegetables by low-income households participating in the supplemental nutrition assistance program;

“(IV) ensures that the same terms and conditions apply to purchases made by individuals with benefits issued under the Food and Nutrition Act of 2008 and incentives provided for in this subsection as apply to purchases made by individuals who are not members of households receiving benefits, such as provided for in section 278.2(b) of title 7, Code of Federal Regulations (or a successor regulation);

“(V) has adequate plans to collect data for reporting and agrees to provide that information for the report described in subsection (e)(2)(B)(iii); and

“(VI) would share information with the Nutrition Incentive Program Training, Technical Assistance, Evaluation, and Information Centers established under subsection (e).”

(ii) in subparagraph (B)—

(I) by striking clause (v),

(II) by redesignating clause (vi) as clause (x), and

(III) by inserting after clause (iv) the following:

“(v) include a project design—

“(I) that provides incentives when fruits or vegetables are purchased using supplemental nutrition assistance program benefits; and

“(II) in which the incentives earned may be used only to purchase fruits or vegetables;

“(vi) have demonstrated the ability to provide services to underserved communities;

“(vii) include coordination with multiple stakeholders, such as farm organizations, nutrition education programs, cooperative extension services, public health departments, health providers, private and public health insurance agencies, cooperative grocers, grocery associations, and community-based and non-governmental organizations;

“(viii) offer supplemental services in high-need communities, including online ordering, transportation between home and store, and delivery services;

“(ix) include food retailers that are open—

“(I) for extended hours; and

“(II) most or all days of the year; or”, and

(C) by striking paragraphs (3) and (4),

(4) in subsection (c)—

(A) in paragraph (1) by striking “subsection (b) \$5,000,000 for each of fiscal years 2014 through 2018”

and inserting “this section \$5,000,000 for each of fiscal years 2014 through 2023”, and

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking “subsection (b)” and inserting “this section”,

(ii) in subparagraph (B) by striking “and” at the end,

(iii) in subparagraph (C) by striking the period at the end and inserting a semicolon, and

(iv) by adding at the end the following:

“(C) \$45,000,000 for fiscal year 2019;

“(D) \$48,000,000 for fiscal year 2020;

“(E) \$48,000,000 for fiscal year 2021;

“(F) \$53,000,000 for fiscal year 2022; and

“(G) \$56,000,000 for fiscal year 2023 and each fiscal year thereafter.

“(3) USE OF FUNDS.—With respect to funds made available under this section for fiscal years 2019 through 2023—

“(A) for each fiscal year the Secretary shall use not more than 10 percent of such funds available for such fiscal year for the produce prescription program described in subsection (c);

“(B) for each fiscal year not more than 8 percent of such funds available for such fiscal year shall be used by the National Institute of Food and Agriculture and the Food and Nutrition Service for administration; and

“(C) the Secretary shall use for the Nutrition Incentive Program Training, Technical Assistance, Evaluation, and Information Centers established under subsection (e) not more than—

“(i) \$17,000,000 in the aggregate for fiscal years 2019 and 2020; and

“(ii) \$7,000,000 for each of the fiscal years 2021 through 2023.”,

(5) by redesignating subsection (c) as subsection (f), and

(6) by inserting after subsection (b) the following:

“(c) PRODUCE PRESCRIPTION PROGRAM.—

“(1) IN GENERAL.—The Secretary shall establish a grant program under which the Secretary shall award grants to eligible entities to conduct projects that demonstrate and evaluate the impact of the projects on—

“(A) the improvement of dietary health through increased consumption of fruits and vegetables;

“(B) the reduction of individual and household food insecurity; and

“(C) the reduction in healthcare use and associated costs.

“(2) HEALTHCARE PARTNERS.—In carrying out a project using a grant received under paragraph (1), an eligible entity shall partner with 1 or more healthcare partners.

“(3) GRANT APPLICATIONS.—

“(A) IN GENERAL.—To be eligible to receive a grant under paragraph (1), an eligible entity—

“(i) shall—

“(I) prescribe fresh fruits and vegetables to members;

“(II) submit to the Secretary an application containing such information as the Secretary may require, including the information described in subparagraph (B); and

“(ii) may—

“(I) provide financial or non-financial incentives for members to purchase or procure fresh fruits and vegetables;

“(II) provide educational resources on nutrition to members; and

“(III) establish additional accessible locations for members to procure fresh fruits and vegetables.

“(B) APPLICATION.—An application shall—

“(i) identify the 1 or more healthcare partners with which the eligible entity is partnering under paragraph (2); and

“(ii) include—

“(I) a description of the methods by which an eligible entity shall—

“(aa) screen and verify eligibility for members for participation in a produce prescription project, in accordance with procedures established under subsection (a)(5);

“(bb) implement an effective produce prescription project, including the role of each healthcare partner in implementing the produce prescription project;

“(cc) evaluate members participating in a produce prescription project with respect to the matters described in subparagraphs (A) through (C) of paragraph (1);

“(dd) provide educational opportunities relating to nutrition to members participating in a produce prescription project; and

“(ee) inform members of the availability of the produce prescription project, including locations at which produce prescriptions may be redeemed;

“(II) a description of any additional nonprofit or emergency feeding organizations that shall be involved in the project and the role of each additional nonprofit or emergency feeding organization in implementing and evaluating an effective produce prescription project;

“(III) documentation of a partnership agreement with a relevant State Medicaid agency or other appropriate entity, as determined by the Secretary, to evaluate the effectiveness of the produce prescription project in reducing healthcare use and associated costs;

“(IV) adequate plans to collect data for reporting and agreement to provide that information for the report described in subsection (e)(2)(B)(iii); and

“(V) agreement to share information with the Nutrition Incentive Program Training, Technical

Assistance, Evaluation, and Information Centers established under subsection (e).

“(4) COORDINATION.—In carrying out the grant program established under paragraph (1), the Secretary shall coordinate with the Secretary of Health and Human Services and the heads of other appropriate Federal agencies that carry out activities relating to healthcare partners.

“(5) PARTNERSHIPS.—

“(A) IN GENERAL.—In carrying out the grant program under paragraph (1), the Secretary may enter into 1 or more memoranda of understanding with a Federal agency, a State, or a private entity to ensure the effective implementation and evaluation of each project.

“(B) MEMORANDUM OF UNDERSTANDING.—A memorandum of understanding entered into under subparagraph (A) shall include—

“(i) a description of a plan to provide educational opportunities relating to nutrition to members participating in produce prescription projects;

“(ii) a description of the role of the Federal agency, State, or private entity, as applicable, in implementing and evaluating an effective produce prescription project; and

“(iii) documentation of a partnership agreement with a relevant State Medicaid agency or other appropriate entity, as determined by the Secretary.

“(d) APPLICABILITY.—

“(1) IN GENERAL.—The value of any benefit provided to a participant in any activity funded under subsections (b) or (c) shall be treated as supplemental nutrition benefits under section 8(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2017(b)).

“(2) PROHIBITION ON COLLECTION OF SALES TAXES.—Each State shall ensure that no State or local tax is collected on a purchase of food with assistance provided under subsections (b) and (c).

“(3) NO LIMITATION ON BENEFITS.—Grants made available under subsections (b) and (c) shall not be used to carry out any project that limits the use of benefits under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) or any other Federal nutrition law.

“(4) HOUSEHOLD ALLOTMENT.—Assistance provided under subsections (b) and (c) to households receiving benefits under the supplemental nutrition assistance program shall not—

“(A) be considered part of the supplemental nutrition assistance program benefits of the household; or

“(B) be used in the collection or disposition of claims under section 13 of the Food and Nutrition Act of 2008 (7 U.S.C. 2022).

“(e) NUTRITION INCENTIVE PROGRAM TRAINING, TECHNICAL ASSISTANCE, EVALUATION, AND INFORMATION CENTERS.—

“(1) IN GENERAL.—The Secretary shall—

“(A) establish 1 or more Nutrition Incentive Program Training, Technical Assistance, Evaluation, and Information Centers, in consultation with the Director of the National Institute of Food and Agriculture; and

“(B) to the extent practicable, consult on the design and scope of such Centers with grocers, farmers, health professionals, researchers, incentive program managers, and employees of the Department of Agriculture with direct experience with implementation of existing incentive programs or projects.

“(2) ESTABLISHMENT.—The Centers shall be capable of providing services related to grants under subsections (b) and (c), including—

“(A) offering incentive program training and technical assistance to applicants and grantees to the extent practicable, including—

“(i) collecting and providing information on best practices that may include communications, signage, record-keeping, incentive instruments, development and integration of point of sale systems, and reporting;

“(ii) disseminating information and assisting with collaboration among grantee projects, applicable State agencies, and nutrition education programs;

“(iii) facilitating communication between grantees and the Department of Agriculture and applicable State agencies; and

“(iv) providing support for the development of best practices for produce prescription projects and the sharing of information among eligible entities and healthcare providers that participate in a produce prescription project under subsection (c); and

“(v) other services identified by the Secretary; and

“(B) creating a system to collect and compile core data sets from eligible entities that—

“(i) uses standard metrics with consideration of outcome measures for existing projects;

“(ii) includes to the extent practicable grocers, farmers, health professionals, researchers, incentive program managers, and employees of the Department of Agriculture with direct experience with implementation of existing incentive programs in the design of the instrument through which data will be collected and the mechanism for reporting;

“(iii) compiles project data from grantees, and beginning in fiscal year 2020 generates an annual report to Congress on grant outcomes, including—

“(I) the results of the project; and

“(II) the amount of grant funds used for the project; and

“(iv) creates and maintains a publicly accessible online site that makes annual reports and incentive program information available in an anonymized format that protects confidential, personal, or other sensitive data.

“(3) COOPERATIVE AGREEMENT.—

“(A) IN GENERAL.—To carry out paragraph (1), the Secretary may, on a competitive basis, enter into 1 or more cooperative agreements with 1 or more organizations with expertise in developing outcome-based reporting, at

least 1 of which has expertise in the food insecurity nutrition incentive program and at least 1 of which has expertise in produce prescription projects.

“(B) INCLUSION.—The organizations referred to in subparagraph (A) may include—

- “(i) nongovernmental organizations;
- “(ii) State cooperative extension services;
- “(iii) regional food system centers;
- “(iv) Federal, State, or Tribal agencies;
- “(v) institutions of higher education (as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a))); or
- “(vi) other appropriate entities as determined by the Secretary.”

(b) CONFORMING AMENDMENT.—The table of contents of the Food, Conservation, and Energy Act of 2008 (Public Law 113–188) is amended by striking the item relating to section 4405 and inserting the following:

“Sec. 4405. The Gus Schumacher nutrition incentive program.”

SEC. 4206. MICRO-GRANTS FOR FOOD SECURITY.

7 USC 7518.

(a) PURPOSE.—The purpose of this section is to increase the quantity and quality of locally grown food through small-scale gardening, herding, and livestock operations in food insecure communities in areas of the United States that have significant levels of food insecurity and import a significant quantity of food.

(b) DEFINITIONS.—In this section:

(1) ELIGIBLE ENTITY.—The term “eligible entity” means an entity that—

(A) is—

- (i) an individual;
- (ii) an Indian tribe or tribal organization, as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304);
- (iii) a nonprofit organization engaged in increasing food security, as determined by the Secretary, including—

- (I) a religious organization;
- (II) a food bank; or
- (III) a food pantry;

(iv) a federally funded educational facility, including—

- (I) a Head Start program or an Early Head Start program carried out under the Head Start Act (42 U.S.C. 9831 et seq.);
- (II) a public elementary school or public secondary school;
- (III) a public institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001));
- (IV) a Tribal College or University (as defined in section 316(b) of the Higher Education Act of 1965 (20 U.S.C. 1059c(b))); or

(V) a job training program; or

(v) a local or Tribal government that may not levy local taxes under State or Federal law; and

(B) is located in an eligible State.

- (2) **ELIGIBLE STATE.**—The term “eligible State” means—
- (A) the State of Alaska;
 - (B) the State of Hawaii;
 - (C) American Samoa;
 - (D) the Commonwealth of the Northern Mariana Islands;
 - (E) the Commonwealth of Puerto Rico;
 - (F) the Federated States of Micronesia;
 - (G) Guam;
 - (H) the Republic of the Marshall Islands;
 - (I) the Republic of Palau; and
 - (J) the United States Virgin Islands.

(c) **ESTABLISHMENT.**—The Secretary shall distribute funds to the agricultural department or agency of each eligible State for the competitive distribution of subgrants to eligible entities to increase the quantity and quality of locally grown food in food insecure communities, including through small-scale gardening, herding, and livestock operations.

(d) **DISTRIBUTION OF FUNDS.**—

(1) **IN GENERAL.**—Of the amount made available under subsection (g), the Secretary shall distribute—

- (A) 40 percent to the State of Alaska;
- (B) 40 percent to the State of Hawaii; and
- (C) 2.5 percent to each eligible State described in any of subparagraphs (C) through (J) of subsection (b)(2).

(2) **CARRYOVER OF FUNDS.**—Funds distributed under paragraph (1) shall remain available until expended.

(3) **ADMINISTRATIVE FUNDS.**—An eligible State that receives funds under paragraph (1) may use not more than 3 percent of those funds—

- (A) to administer the competition for providing subgrants to eligible entities in that eligible State;
- (B) to provide oversight of the subgrant recipients in that eligible State; and
- (C) to collect data and submit a report to the Secretary under subsection (f)(2).

(e) **SUBGRANTS TO ELIGIBLE ENTITIES.**—

(1) **AMOUNT OF SUBGRANTS.**—

(A) **IN GENERAL.**—The amount of a subgrant to an eligible entity under this section shall be—

- (i) in the case of an eligible entity that is an individual, not greater than \$5,000 per year; and
- (ii) in the case of an eligible entity described in any of clauses (ii) through (v) of subsection (b)(1)(A), not greater than \$10,000 per year.

(B) **MATCHING REQUIREMENT.**—As a condition of receiving a subgrant under this section, an eligible entity shall provide funds equal to 10 percent of the amount received by the eligible entity under the subgrant, to be derived from non-Federal sources. A State may waive the matching requirement for an individual who otherwise meets the requirements to receive a subgrant by the eligible State.

(C) **PROJECT PERIOD.**—Funds received by an eligible entity that is awarded a subgrant under this section shall remain available for expenditure not later than 3 years after the date the funds are received.

(2) PRIORITY.—In carrying out the competitive distribution of subgrants under subsection (c), an eligible State may give priority to an eligible entity that—

(A) has not previously received a subgrant under this section; or

(B) is located in a community or region in that eligible State with the highest degree of food insecurity, as determined by the agricultural department or agency of the eligible State.

(3) PROJECTS.—An eligible State may provide subgrants to 2 or more eligible entities to carry out the same project.

(4) USE OF SUBGRANT FUNDS BY ELIGIBLE ENTITIES.—An eligible entity that receives a subgrant under this section shall use the funds to engage in activities that will increase the quantity and quality of locally grown food for food insecure individuals, families, neighborhoods, and communities, including by—

(A) purchasing gardening tools or equipment, soil, soil amendments, seeds, plants, animals, canning equipment, refrigeration, or other items necessary to grow and store food;

(B) purchasing or building composting units;

(C) purchasing or building towers designed to grow leafy green vegetables;

(D) expanding an area under cultivation or engaging in other activities necessary to be eligible to receive funding under the environmental quality incentives program established under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.) for a high tunnel;

(E) engaging in an activity that extends the growing season;

(F) starting or expanding hydroponic and aeroponic farming of any scale;

(G) building, buying, erecting, or repairing fencing for livestock, poultry, or reindeer;

(H) purchasing and equipping a slaughter and processing facility approved by the Secretary;

(I) traveling to participate in agricultural education provided by—

(i) a State cooperative extension service;

(ii) a land-grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103));

(iii) a Tribal College or University (as defined in section 316(b) of the Higher Education Act of 1965 (20 U.S.C. 1059c(b)));

(iv) an Alaska Native-serving institution or a Native Hawaiian-serving institution (as such terms are defined in section 317(b) of the Higher Education Act of 1965 (20 U.S.C. 1059d(b))); or

(v) a Federal or State agency;

(J) paying for shipping of purchased items relating to growing or raising food for local consumption or purchase;

(K) creating or expanding avenues for—

(i) the sale of food commodities, specialty crops, and meats that are grown by the eligible entity for sale in the local community; or

(ii) increasing the availability of fresh, locally grown, and nutritious food; and

(L) engaging in other activities relating to increasing food security (including subsistence), as determined by the Secretary.

(5) **ELIGIBILITY FOR OTHER FINANCIAL ASSISTANCE.**—An eligible entity shall not be ineligible to receive financial assistance under another program administered by the Secretary as a result of receiving a subgrant under this section.

(f) **REPORTING REQUIREMENT.**—

(1) **SUBGRANT RECIPIENTS.**—As a condition of receiving a subgrant under this section, an eligible entity shall agree to submit to the eligible State in which the eligible entity is located a report—

(A) not later than 60 days after the end of the project funded by the subgrant; and

(B) that describes the use of the subgrants by eligible entities, the quantity of food grown through small-scale gardening, herding, and livestock operations, and the number of food insecure individuals fed as a result of the subgrant.

(2) **REPORT TO THE SECRETARY.**—Not later than 120 days after the date on which an eligible State receives a report from each eligible entity in that State under paragraph (1), the eligible State shall submit to the Secretary a report that describes, in the aggregate, the information and data contained in the reports received from those eligible entities.

(g) **FUNDING.**—

(1) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to the Secretary to carry out this section \$10,000,000 for fiscal year 2019 and each fiscal year thereafter, to remain available until expended.

(2) **APPROPRIATIONS IN ADVANCE.**—Only funds appropriated under paragraph (1) in advance specifically to carry out this section shall be available to carry out this section.

42 USC 1760
note.

SEC. 4207. BUY AMERICAN REQUIREMENTS.

(a) **ENFORCEMENT.**—Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall—

(1) enforce full compliance with the requirements of section 12(n) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760(n)) for purchases of agricultural commodities, including fish, meats, vegetables, and fruits, and the products thereof, and

(2) ensure that States and school food authorities fully understand their responsibilities under such Act.

(b) **REQUIREMENT.**—The products of the agricultural commodities described in subsection (a)(1) shall be processed in the United States and substantially contain—

(1) meats, vegetables, fruits, and other agricultural commodities produced in—

(A) a State,

(B) the District of Columbia,

(C) the Commonwealth of Puerto Rico, or

- (D) any territory or possession of the United States,
or
(2) fish harvested—
 (A) within the Exclusive Economic Zone of the United States, as described in Presidential Proclamation 5030 (48 Fed. Reg. 10605; March 10, 1983), or
 (B) by a United States flagged vessel.
- (c) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the actions the Secretary has taken, and plans to take, to comply with this section.

SEC. 4208. HEALTHY FLUID MILK INCENTIVES PROJECTS.

7 USC 2026a
note.

(a) DEFINITION OF FLUID MILK.—In this section the term “fluid milk” means all varieties of pasteurized cow’s milk that—

- (1) is without flavoring or sweeteners,
- (2) is consistent with the most recent dietary recommendations,
- (3) is packaged in liquid form, and
- (4) contains vitamins A and D at levels consistent with the Food and Drug Administration, State, and local standards for fluid milk.

(b) PROJECTS.—The Secretary of Agriculture shall carry out, under such terms and conditions as the Secretary considers to be appropriate, healthy fluid milk incentive projects to develop and test methods to increase the purchase and consumption of fluid milk by members of households that receive supplemental nutrition assistance program benefits by providing an incentive for the purchase of fluid milk at the point of purchase to members of households purchasing food with supplemental nutrition assistance program benefits.

(c) GRANTS OR COOPERATIVE AGREEMENTS.—

(1) IN GENERAL.—To carry out this section, the Secretary, on a competitive basis, shall enter into cooperative agreements with, or provide grants to, governmental entities or nonprofit organizations for projects that meet the purpose and selection criteria specified in this subsection.

(2) APPLICATION.—To be eligible to enter into a cooperative agreement or receive a grant under this subsection, a government entity or nonprofit organization shall submit to the Secretary an application containing such information as the Secretary may require.

(3) SELECTION CRITERIA.—Projects proposed in applications shall be evaluated against publicly disseminated criteria that shall incorporate a scientifically based strategy that is designed to improve diet quality and nutritional outcomes through the increased purchase of fluid milk by members of households that participate in the supplemental nutrition assistance program.

(4) USE OF FUNDS.—Funds made available to carry out this section shall not be used for any project that limits the use of benefits provided under the Food and Nutrition Act of 2008.

(d) EVALUATION AND REPORTING.—

(1) EVALUATION.—

(A) INDEPENDENT EVALUATION.—

(i) **IN GENERAL.**—The Secretary shall provide for an independent evaluation of projects selected under this section that measures, to the maximum extent practicable, the impact on health and nutrition.

(ii) **REQUIREMENT.**—The independent evaluation under this subparagraph shall use rigorous methodologies, particularly random assignment or other methods that are capable of producing scientifically valid information regarding which activities are effective.

(B) **COSTS.**—The Secretary may use funds not to exceed 7 percent of the funding provided to carry out this section to pay costs associated with evaluating the outcomes of the healthy fluid milk incentive projects.

(2) **REPORTING.**—Not later than December 31 of 2020, and biennially thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that includes a description of—

(A) the status of each healthy fluid milk incentives project, and

(B) the results of any completed evaluation that—

(i) include, to the maximum extent practicable, the impact of the healthy fluid milk incentive projects on health and nutrition outcomes among households participating in such projects, and

(ii) have not been submitted in a previous report under this paragraph.

(3) **PUBLIC DISSEMINATION.**—In addition to the reporting requirements under paragraph (2), evaluation results shall be shared publicly to promote wide use of successful strategies.

(e) **FUNDING.**—

(1) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated \$20,000,000 to carry out and evaluate the outcomes of projects under this section, to remain available until expended.

(2) **APPROPRIATIONS IN ADVANCE.**—Only funds appropriated under paragraph (1) in advance specifically to carry out this section shall be available to carry out this section.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

SEC. 5101. MODIFICATION OF THE 3-YEAR EXPERIENCE ELIGIBILITY REQUIREMENT FOR FARM OWNERSHIP LOANS.

Section 302(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(b)) is amended by adding at the end the following:

“(4) **WAIVER AUTHORITY.**—In the case of a qualified beginning farmer or rancher, the Secretary may—

“(A) reduce the 3-year requirement in paragraph (1) to 1 or 2 years, if the farmer or rancher has—

“(i) not less than 16 credit hours of post-secondary education in a field related to agriculture;

“(ii) successfully completed a farm management curriculum offered by a cooperative extension service,

a community college, an adult vocational agriculture program, a nonprofit organization, or a land-grant college or university;

“(iii) at least 1 year of experience as hired farm labor with substantial management responsibilities;

“(iv) successfully completed a farm mentorship, apprenticeship, or internship program with an emphasis on management requirements and day-to-day farm management decisions;

“(v) significant business management experience;

“(vi) been honorably discharged from the armed forces of the United States;

“(vii) successfully repaid a youth loan made under section 311(b); or

“(viii) an established relationship with an individual who has experience in farming or ranching, or is a retired farmer or rancher, and is participating as a counselor in a Service Corps of Retired Executives program authorized under section 8(b)(1)(B) of the Small Business Act (15 U.S.C. 637(b)(1)(B)), or with a local farm or ranch operator or organization, approved by the Secretary, that is committed to mentoring the farmer or rancher; or

“(B) waive the 3-year requirement in paragraph (1) if the farmer or rancher meets the requirements of clauses (iii) and (viii) of subparagraph (A).”.

SEC. 5102. CONSERVATION LOAN AND LOAN GUARANTEE PROGRAM.

Section 304(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924(h)) is amended by striking “2018” and inserting “2023”.

SEC. 5103. LIMITATIONS ON AMOUNT OF FARM OWNERSHIP LOANS.

Section 305 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925) is amended—

(1) in subsection (a)(2)—

(A) by striking “\$300,000” and inserting “\$600,000”;

(B) by striking “\$700,000” and inserting “\$1,750,000”;

and

(C) by striking “2000” and inserting “2019”; and

(2) in subsection (c)—

(A) in paragraph (1), by striking “August” and inserting “July”; and

(B) in paragraph (2), by striking “ending on August 31, 1996” and inserting “that immediately precedes the 12-month period described in paragraph (1)”.

SEC. 5104. RELENDING PROGRAM TO RESOLVE OWNERSHIP AND SUCCESSION ON FARMLAND.

Subtitle A of title III of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 et seq.) is amended by adding at the end the following:

“SEC. 310I. RELENDING PROGRAM TO RESOLVE OWNERSHIP AND SUCCESSION ON FARMLAND.

7 USC 1936c.

“(a) IN GENERAL.—The Secretary may make loans to eligible entities described in subsection (b) so that the eligible entities

may relend the funds to individuals and entities for the purposes described in subsection (c).

“(b) ELIGIBLE ENTITIES.—Entities eligible for loans described in subsection (a) are cooperatives, credit unions, and nonprofit organizations with—

“(1) certification under section 1805.201 of title 12, Code of Federal Regulations (or successor regulations), to operate as a lender;

“(2) experience assisting socially disadvantaged farmers and ranchers (as defined in subsection (a) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279)) or limited resource or new and beginning farmers and ranchers, rural businesses, cooperatives, or credit unions, including experience in making and servicing agricultural and commercial loans; and

“(3) the ability to provide adequate assurance of the repayment of a loan.

“(c) ELIGIBLE PURPOSES.—The proceeds from loans made by the Secretary pursuant to subsection (a) shall be re-lent by eligible entities for projects that assist heirs with undivided ownership interests to resolve ownership and succession on farmland that has multiple owners.

“(d) PREFERENCE.—In making loans under subsection (a), the Secretary shall give preference to eligible entities—

“(1) with not less than 10 years of experience serving socially disadvantaged farmers and ranchers; and

“(2) in States that have adopted a statute consisting of an enactment or adoption of the Uniform Partition of Heirs Property Act, as approved and recommended for enactment in all States by the National Conference of Commissioners on Uniform State Laws in 2010, that relend to owners of heirs property (as defined in that Act).

“(e) LOAN TERMS AND CONDITIONS.—The following terms and conditions shall apply to loans made under this section:

“(1) The interest rate at which intermediaries may borrow funds under this section shall be determined by the Secretary.

“(2) The rates, terms, and payment structure for borrowers to which intermediaries lend shall be—

“(A) determined by the intermediary in an amount sufficient to cover the cost of operating and sustaining the revolving loan fund; and

“(B) clearly and publicly disclosed to qualified ultimate borrowers.

“(3) Borrowers to which intermediaries lend shall be—

“(A) required to complete a succession plan as a condition of the loan; and

“(B) be offered the opportunity to borrow sufficient funds to cover costs associated with the succession plan under subparagraph (A) and other associated legal and closing costs.

“(f) REPORT.—Not later than 1 year after the date of enactment of this section, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the operation and outcomes of the program under this section, with recommendations on how to strengthen the program.

“(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2019 through 2023.”.

Subtitle B—Operating Loans

SEC. 5201. LIMITATIONS ON AMOUNT OF OPERATING LOANS.

Section 313 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1943) is amended—

(1) in subsection (a)(1)—

(A) by striking “\$300,000” and inserting “\$400,000”;

(B) by striking “\$700,000” and inserting “\$1,750,000”;

and

(C) by striking “2000” and inserting “2019”; and

(2) in subsection (b)—

(A) in paragraph (1), by striking “August” and inserting “July”; and

(B) in paragraph (2), by striking “ending on August 31, 1996” and inserting “that immediately precedes the 12-month period described in paragraph (1)”.

SEC. 5202. MICROLOANS.

Section 313(c)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1943(c)(2)) is amended by striking “title” and inserting “subsection”.

SEC. 5203. COOPERATIVE LENDING PILOT PROJECTS.

Section 313(c)(4)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1943(c)(4)(A)) is amended by striking “2018” and inserting “2023”.

Subtitle C—Administrative Provisions

SEC. 5301. BEGINNING FARMER AND RANCHER INDIVIDUAL DEVELOPMENT ACCOUNTS PILOT PROGRAM.

Section 333B(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983b(h)) is amended by striking “2018” and inserting “2023”.

SEC. 5302. LOAN AUTHORIZATION LEVELS.

Section 346(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(1)) is amended—

(1) in the matter preceding subparagraph (A), by striking “\$4,226,000,000 for each of fiscal years 2008 through 2018” and inserting “\$10,000,000,000 for each of fiscal years 2019 through 2023”; and

(2) by striking subparagraphs (A) and (B) and inserting the following:

“(A) \$3,000,000,000 shall be for direct loans, of which—

“(i) \$1,500,000,000 shall be for farm ownership loans under subtitle A; and

“(ii) \$1,500,000,000 shall be for operating loans under subtitle B; and

“(B) \$7,000,000,000 shall be for guaranteed loans, of which—

“(i) \$3,500,000,000 shall be for farm ownership loans under subtitle A; and

“(ii) \$3,500,000,000 shall be for operating loans under subtitle B.”.

SEC. 5303. LOAN FUND SET-ASIDES.

Section 346(b)(2)(A)(ii)(III) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(2)(A)(ii)(III)) is amended by striking “2018” and inserting “2023”.

SEC. 5304. USE OF ADDITIONAL FUNDS FOR DIRECT OPERATING MICROLOANS UNDER CERTAIN CONDITIONS.

Section 346(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)) is amended by adding at the end the following:

“(5) USE OF ADDITIONAL FUNDS FOR DIRECT OPERATING MICROLOANS UNDER CERTAIN CONDITIONS.—

“(A) IN GENERAL.—If the Secretary determines that the amount needed for a fiscal year for direct operating loans (including microloans) under subtitle B is greater than the aggregate principal amount authorized for that fiscal year by this Act, an appropriations Act, or any other provision of law, the Secretary shall make additional microloans under subtitle B using amounts made available under subparagraph (C).

“(B) NOTICE.—Not later than 15 days before the date on which the Secretary uses the authority under subparagraph (A), the Secretary shall submit a notice of the use of that authority to—

“(i) the Committee on Appropriations of the House of Representatives;

“(ii) the Committee on Appropriations of the Senate;

“(iii) the Committee on Agriculture of the House of Representatives; and

“(iv) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

“(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph \$5,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 5305. EQUITABLE RELIEF.

The Consolidated Farm and Rural Development Act is amended by inserting after section 365 (7 U.S.C. 2008) the following:

7 USC 2008a.

“SEC. 366. EQUITABLE RELIEF.

“(a) IN GENERAL.—Subject to subsection (b), the Secretary may provide a form of relief described in subsection (c) to any farmer or rancher who—

“(1) received a direct farm ownership, operating, or emergency loan under this title; and

“(2) the Secretary determines is not in compliance with the requirements of this title with respect to the loan.

“(b) LIMITATION.—The Secretary may only provide relief to a farmer or rancher under subsection (a) if the Secretary determines that the farmer or rancher—

“(1) acted in good faith; and

“(2) relied on an action of, or the advice of, the Secretary (including any authorized representative of the Secretary) to the detriment of the farming or ranching operation of the farmer or rancher.

“(c) FORMS OF RELIEF.—The Secretary may provide to a farmer or rancher under subsection (a) any of the following forms of relief:

“(1) The farmer or rancher may retain loans or other benefits received in association with the loan with respect to which the farmer or rancher was determined to be noncompliant under subsection (a)(2).

“(2) The farmer or rancher may receive such other equitable relief as the Secretary determines to be appropriate.

“(d) CONDITION.—As a condition of receiving relief under this section, the Secretary may require the farmer or rancher to take actions designed to remedy the noncompliance.

“(e) ADMINISTRATIVE APPEAL; JUDICIAL REVIEW.—A determination or action of the Secretary under this section—

“(1) shall be final; and

“(2) shall not be subject to administrative appeal or judicial review under chapter 7 of title 5, United States Code.”.

SEC. 5306. SOCIALLY DISADVANTAGED FARMERS AND RANCHERS; QUALIFIED BEGINNING FARMERS AND RANCHERS.

The Consolidated Farm and Rural Development Act is amended by inserting after section 366 (as added by section 5305) the following:

“SEC. 367. SOCIALLY DISADVANTAGED FARMERS AND RANCHERS; QUALIFIED BEGINNING FARMERS AND RANCHERS. 7 USC 2008b.

“In the case of a loan guaranteed by the Secretary under subtitle A or B to a socially disadvantaged farmer or rancher (as defined in section 355(e)) or a qualified beginning farmer or rancher, the Secretary may provide for a standard guarantee plan, which shall cover an amount equal to 95 percent of the outstanding principal of the loan.”.

SEC. 5307. EMERGENCY LOAN ELIGIBILITY.

Section 373(b)(2)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008h(b)(2)(B)) is amended—

(1) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and indenting appropriately;

(2) in the matter preceding subclause (I) (as so redesignated), by striking “The Secretary” and inserting the following:

“(i) IN GENERAL.—The Secretary”; and

(3) by adding at the end the following:

“(ii) RESTRUCTURED LOANS.—For purposes of clause (i), a borrower who was restructured with a write-down or restructuring under section 353 shall not be considered to have received debt forgiveness on a loan made or guaranteed under this title.”.

Subtitle D—Miscellaneous

SEC. 5401. TECHNICAL CORRECTIONS TO THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.

(a)(1) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended in the second sentence by striking “and limited liability companies” and inserting “limited liability companies, and such other legal entities”.

7 USC 1961 note.

(2) The amendment made by this subsection shall take effect as if included in the enactment of section 5201(2)(C) of the Agricultural Act of 2014 (Public Law 113–79) in lieu of the amendment made by such section.

(b)(1) Section 331D(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981d(e)) is amended by inserting after “within 60 days after receipt of the notice required in this section” the following: “or, in extraordinary circumstances as determined by the applicable State director, after the 60-day period”.

7 USC 1981d note.

(2) The amendment made by this subsection shall take effect as if included in the enactment of section 10 of the Agricultural Credit Improvement Act of 1992 (Public Law 102–554).

(c)(1) Section 333A(f)(1)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a(f)(1)(A)) is amended by striking “114” and inserting “339”.

7 USC 1983a note.

(2) The amendment made by this subsection shall take effect as if included in the enactment of section 14 of the Agricultural Credit Improvement Act of 1992 (Public Law 102–554).

(d) Section 339(d)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1989(d)(3)) is amended by striking “preferred certified lender” and inserting “Preferred Certified Lender”.

(e)(1) Section 343(a)(11)(C) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(11)(C)) is amended by striking “or joint operators” and inserting “joint operator, or owners”.

7 USC 1991 note.

(2) The amendment made by this subsection shall take effect as of the effective date of section 5303(a)(2) of the Agricultural Act of 2014 (Public Law 113–79).

(f)(1) Section 343(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(b)) is amended by striking “307(e)” and inserting “307(d)”.

7 USC 1901 note.

(2) The amendment made by paragraph (1) shall take effect as of the date of enactment of the Agricultural Act of 2014 (Public Law 113–79).

(g) Section 346(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(a)) is amended by striking the last comma.

SEC. 5402. STATE AGRICULTURAL MEDIATION PROGRAMS.

(a) ISSUES COVERED BY STATE MEDIATION PROGRAMS.—Section 501(c) of the Agricultural Credit Act of 1987 (7 U.S.C. 5101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) in the matter preceding clause (i), by striking “under the jurisdiction of the Department of Agriculture”;

(ii) in clause (ii), by inserting “and the national organic program established under the Organic Foods

Production Act of 1990 (7 U.S.C. 6501 et seq.)” before the period at the end; and

(iii) by striking clause (vii) and inserting the following:

“(vii) Lease issues, including land leases and equipment leases.

“(viii) Family farm transition.

“(ix) Farmer-neighbor disputes.

“(x) Such other issues as the Secretary or the head of the department of agriculture of each participating State considers appropriate for better serving the agricultural community and persons eligible for mediation.”; and

(B) by adding at the end the following:

“(C) MEDIATION SERVICES.—Funding provided for the mediation program of a qualifying State may also be used to provide credit counseling to persons described in paragraph (2)—

“(i) prior to the initiation of any mediation involving the Department of Agriculture; or

“(ii) unrelated to any ongoing dispute or mediation in which the Department of Agriculture is a party.”;

(2) in paragraph (2)(A)—

(A) in clause (ii), by striking “and” after the semicolon;

(B) in clause (iii), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(iv) any other persons involved in an issue for which mediation services are provided by a mediation program described in paragraph (1)(B).”; and

(3) in paragraph (3)(F), by striking “that persons” and inserting the following: “that—

“(i) the Department of Agriculture receives adequate notification of those issues; and

“(ii) persons”.

(b) REPORT REQUIRED.—Section 505 of the Agricultural Credit Act of 1987 (7 U.S.C. 5105) is amended to read as follows:

“SEC. 505. REPORT.

“Not later than 2 years after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall submit to Congress a report describing—

“(1) the effectiveness of the State mediation programs receiving matching grants under this subtitle;

“(2) recommendations for improving the delivery of mediation services to producers;

“(3) the steps being taken to ensure that State mediation programs receive timely funding under this subtitle; and

“(4) the savings to the States as a result of having a mediation program.”.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 506 of the Agricultural Credit Act of 1987 (7 U.S.C. 5106) is amended by striking “2018” and inserting “2023”.

SEC. 5403. COMPENSATION OF BANK DIRECTORS.

Section 4.21 of the Farm Credit Act of 1971 (12 U.S.C. 2209) is repealed.

SEC. 5404. SHARING OF PRIVILEGED AND CONFIDENTIAL INFORMATION.

Section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2254) is amended by adding at the end the following:

“(e) SHARING OF PRIVILEGED AND CONFIDENTIAL INFORMATION.—A System institution shall not be considered to have waived the confidentiality of a privileged communication with an attorney or an accountant if the System institution provides the content of the communication to the Farm Credit Administration pursuant to the supervisory or regulatory authorities of the Farm Credit Administration.”.

SEC. 5405. FACILITY HEADQUARTERS.

Section 5.16 of the Farm Credit Act of 1971 (12 U.S.C. 2251) is amended by striking all that precedes “to the rental of quarters” and inserting the following:

“SEC. 5.16. QUARTERS AND FACILITIES FOR THE FARM CREDIT ADMINISTRATION.

“(a) The Farm Credit Administration shall maintain its principal office within the Washington D.C.-Maryland-Virginia standard metropolitan statistical area, and such other offices within the United States as in its judgment are necessary.

“(b) As an alternate”.

SEC. 5406. REMOVAL AND PROHIBITION AUTHORITY; INDUSTRY-WIDE PROHIBITION.

Part C of title V of the Farm Credit Act of 1971 is amended by inserting after section 5.29 (12 U.S.C. 2265) the following:

12 USC 2265a.

“SEC. 5.29A. REMOVAL AND PROHIBITION AUTHORITY; INDUSTRY-WIDE PROHIBITION.

“(a) DEFINITION OF PERSON.—In this section, the term ‘person’ means—

“(1) an individual; and

“(2) in the case of a specific determination by the Farm Credit Administration, a legal entity.

“(b) INDUSTRY-WIDE PROHIBITION.—Except as provided in subsection (c), any person who, pursuant to an order issued under section 5.28 or 5.29, has been removed or suspended from office at a System institution or prohibited from participating in the conduct of the affairs of a System institution shall not, during the period of effectiveness of the order, continue or commence to hold any office in, or participate in any manner in the conduct of the affairs of—

“(1) any insured depository institution subject to section 8(e)(7)(A)(i) of the Federal Deposit Insurance Act (12 U.S.C. 1818(e)(7)(A)(i));

“(2) any institution subject to section 8(e)(7)(A)(ii) of the Federal Deposit Insurance Act (12 U.S.C. 1818(e)(7)(A)(ii));

“(3) any insured credit union under the Federal Credit Union Act (12 U.S.C. 1751 et seq.);

“(4) any Federal home loan bank;

“(5) any institution chartered under this Act;

“(6) any appropriate Federal financial institutions regulatory agency (as defined in section 8(e)(7)(D) of the Federal Deposit Insurance Act (12 U.S.C. 1818(e)(7)(D)));

“(7) the Federal Housing Finance Agency; or

“(8) the Farm Credit Administration.

“(c) EXCEPTION FOR INSTITUTION-AFFILIATED PARTY THAT RECEIVES WRITTEN CONSENT.—

“(1) IN GENERAL.—

“(A) AFFILIATED PARTIES.—If, on or after the date on which an order described in subsection (b) is issued that removes or suspends an institution-affiliated party from office at a System institution or prohibits an institution-affiliated party from participating in the conduct of the affairs of a System institution, that party receives written consent described in subparagraph (B), subsection (b) shall not apply to that party—

“(i) to the extent provided in the written consent received; and

“(ii) with respect to the institution described in each written consent.

“(B) WRITTEN CONSENT DESCRIBED.—The written consent referred to in subparagraph (A) is written consent received from—

“(i) the Farm Credit Administration; and

“(ii) each appropriate Federal financial institutions regulatory agency (as defined in section 8(e)(7)(D) of the Federal Deposit Insurance Act (12 U.S.C. 1818(e)(7)(D))) of the applicable institution described in any of paragraphs (1), (2), (3), or (4) of subsection (b) with respect to which the party proposes to be become an affiliated party.

“(2) DISCLOSURE.—Any agency described in clause (i) or (ii) of paragraph (1)(B) that provides a written consent under that paragraph shall—

“(A) report the action to the Farm Credit Administration; and

“(B) publicly disclose the action.

“(3) CONSULTATION BETWEEN AGENCIES.—The agencies described in clauses (i) and (ii) of paragraph (1)(B) shall consult with each other before providing any written consent under that paragraph.

“(d) VIOLATIONS.—A violation of subsection (b) by any person who is subject to an order described in that subsection shall be treated as violation of that order.”.

SEC. 5407. JURISDICTION OVER INSTITUTION-AFFILIATED PARTIES.

Part C of title V of the Farm Credit Act of 1971 is amended by inserting after section 5.31 (12 U.S.C. 2267) the following:

“SEC. 5.31A. JURISDICTION OVER INSTITUTION-AFFILIATED PARTIES. 12 USC 2267a.

“(a) IN GENERAL.—For purposes of sections 5.25, 5.26, and 5.32, the jurisdiction of the Farm Credit Administration over parties, and the authority of the Farm Credit Administration to initiate actions, shall include enforcement authority over institution-affiliated parties.

“(b) EFFECT OF SEPARATION ON JURISDICTION AND AUTHORITY.—Subject to subsection (c), the resignation, termination of employment or participation, or separation of an institution-affiliated party (including a separation caused by the merger, consolidation, conservatorship, or receivership of a Farm Credit System institution) shall not affect the jurisdiction and authority of the Farm Credit

Administration to issue any notice or order and proceed under this part against that party.

“(c) LIMITATION.—To proceed against a party under subsection (b), the notice or order described in that subsection shall be served not later than 6 years after the date on which the party ceased to be an institution-affiliated party with respect to the applicable Farm Credit System institution.

“(d) APPLICABILITY.—The date on which a party ceases to be an institution-affiliated party described in subsection (c) may occur before, on, or after the date of enactment of this section.”.

SEC. 5408. DEFINITION OF INSTITUTION-AFFILIATED PARTY.

Section 5.35 of the Farm Credit Act of 1971 (12 U.S.C. 2271) is amended—

- (1) in paragraph (3), by striking “and” at the end;
- (2) by redesignating paragraph (4) as paragraph (5); and
- (3) by inserting after paragraph (3) the following:

“(4) the term ‘institution-affiliated party’ means—

“(A) a director, officer, employee, shareholder, or agent of a System institution;

“(B) an independent contractor (including an attorney, appraiser, or accountant) who knowingly or recklessly participates in—

“(i) a violation of law (including regulations) that is associated with the operations and activities of 1 or more System institutions;

“(ii) a breach of fiduciary duty; or

“(iii) an unsafe practice that causes or is likely to cause more than a minimum financial loss to, or a significant adverse effect on, a System institution; and

“(C) any other person, as determined by the Farm Credit Administration (by regulation or on a case-by-case basis) who participates in the conduct of the affairs of a System institution; and”.

SEC. 5409. PROHIBITION ON USE OF FUNDS.

Section 5.65 of the Farm Credit Act of 1971 (12 U.S.C. 2277a-14) is amended by adding at the end the following:

“(e) PROHIBITION ON USES OF FUNDS RELATED TO FEDERAL AGRICULTURAL MORTGAGE CORPORATION.—No funds from administrative accounts or from the Farm Credit System Insurance Fund may be used by the Corporation to provide assistance to the Federal Agricultural Mortgage Corporation or to support any activities related to the Federal Agricultural Mortgage Corporation.”.

SEC. 5410. EXPANSION OF ACREAGE EXCEPTION TO LOAN AMOUNT LIMITATION.

(a) IN GENERAL.—Section 8.8(c)(2) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-8(c)(2)) is amended by striking “1,000” and inserting “2,000”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 1 year after the date a report submitted in accordance with section 5414 of this Act indicates that it is feasible to increase the acreage limitation in section 8.8(c)(2) of the Farm Credit Act of 1971 to 2,000 acres.

SEC. 5411. REPEAL OF OBSOLETE PROVISIONS; TECHNICAL CORRECTIONS.

(1) Section 1.1(c) of the Farm Credit Act of 1971 (12 U.S.C. 2001(c)) is amended in the first sentence by striking “including any costs of defeasance under section 4.8(b),”.

(2) Section 1.2 of the Farm Credit Act of 1971 (12 U.S.C. 2002) is amended by striking subsection (a) and inserting the following:

“(a) COMPOSITION.—The Farm Credit System shall include the Farm Credit Banks, the bank for cooperatives, Agricultural Credit Banks, the Federal Land Bank Associations, the Federal Land Credit Associations, the Production Credit Associations, the agricultural credit associations, the Federal Farm Credit Banks Funding Corporation, the Federal Agricultural Mortgage Corporation, service corporations established pursuant to section 4.25, and such other institutions as may be made a part of the Farm Credit System, all of which shall be chartered by and subject to regulation by the Farm Credit Administration.”.

(3) Section 2.4 of the Farm Credit Act of 1971 (12 U.S.C. 2075) is amended by striking subsection (d).

(4) Section 3.0(a) of the Farm Credit Act of 1971 (12 U.S.C. 2121(a)) is amended—

(A) in the third sentence, by striking “and a Central Bank for Cooperatives”; and

(B) by striking the fifth sentence.

(5) Section 3.2 of the Farm Credit Act of 1971 (12 U.S.C. 2123) is amended—

(A) in subsection (a)—

(i) in paragraph (1), by striking “not merged into the United Bank for Cooperatives or the National Bank for Cooperatives”; and

(ii) in paragraph (2)(A), in the matter preceding clause (i), by striking “(other than the National Bank for Cooperatives)”;

(B) by striking subsection (b);

(C) in subsection (a)—

(i) by striking “(a)(1) Each bank” and inserting the following:

“(a) IN GENERAL.—Each bank”; and

(ii) by striking “(2)(A) If approved” and inserting the following:

“(b) NOMINATION AND ELECTION.—

“(1) IN GENERAL.—If approved”;

(D) in subsection (b)(1) (as so designated)—

(i) in subparagraph (B), by striking “(B) The total” and inserting the following:

“(2) NUMBER OF VOTES.—The total”; and

(ii) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively, and indenting appropriately; and

(E) in paragraph (2) (as so designated), by striking “paragraph” and inserting “subsection”.

(6) Section 3.5 of the Farm Credit Act of 1971 (12 U.S.C. 2126) is amended in the third sentence by striking “district”.

(7) Section 3.7(a) of the Farm Credit Act of 1971 (12 U.S.C. 2128(a)) is amended by striking the second sentence.

(8) Section 3.8(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(A)) is amended by inserting “(or any successor agency)” after “Rural Electrification Administration”.

(9) Section 3.9(a) of the Farm Credit Act of 1971 (12 U.S.C. 2130(a)) is amended by striking the third sentence.

(10) Section 3.10 of the Farm Credit Act of 1971 (12 U.S.C. 2131) is amended—

(A) in subsection (c), by striking the second sentence; and

(B) in subsection (d)—

(i) by striking “district” each place it appears; and

(ii) by inserting “for cooperatives (or any successor bank)” before “on account”.

(11) Section 3.11 of the Farm Credit Act of 1971 (12 U.S.C. 2132) is amended—

(A) in subsection (a), in the first sentence, by striking “subsections (b) and (c) of this section” and inserting “subsection (b)”;

(B) in subsection (b)—

(i) in the first sentence, by striking “district”; and

(ii) in the second sentence, by striking “Except as provided in subsection (c) below, all” and inserting “All”;

(C) by striking subsection (c); and

(D) by redesignating subsections (d) through (f) as subsections (c) through (e), respectively.

(12) Part B of title III of the Farm Credit Act of 1971 (12 U.S.C. 2141 et seq.) is amended in the part heading by striking “UNITED AND”.

(13) Section 3.20 of the Farm Credit Act of 1971 (12 U.S.C. 2141) is amended—

(A) in subsection (a), by striking “or the United Bank for Cooperatives, as the case may be”; and

(B) in subsection (b), by striking “the district banks for cooperatives and the Central Bank for Cooperatives” and inserting “the constituent banks described in section 413(b) of the Agricultural Credit Act of 1987 (12 U.S.C. 2121 note; Public Law 100-233)”.

(14) Section 3.21 of the Farm Credit Act of 1971 (12 U.S.C. 2142) is repealed.

(15) Section 3.28 of the Farm Credit Act of 1971 (12 U.S.C. 2149) is amended by striking “a district bank for cooperatives and the Central Bank for Cooperatives” and inserting “the constituent banks described in section 413(b) of the Agricultural Credit Act of 1987 (12 U.S.C. 2121 note; Public Law 100-233)”.

(16) Section 3.29 of the Farm Credit Act of 1971 (12 U.S.C. 2149a) is repealed.

(17) Section 4.0 of the Farm Credit Act of 1971 (12 U.S.C. 2151) is repealed.

(18) Section 4.8 of the Farm Credit Act of 1971 (12 U.S.C. 2159) is amended—

(A) by striking the section designation and heading and all that follows through “Each bank” in subsection (a) and inserting the following:

“SEC. 4.8. PURCHASE AND SALE OF OBLIGATIONS.

“Each bank”; and

(B) by striking subsection (b).

(19) Section 4.9 of the Farm Credit Act of 1971 (12 U.S.C. 2160) is amended—

(A) in subsection (d)—

(i) by striking paragraph (2) and inserting the following:

“(3) REPRESENTATION OF BOARD.—The Farm Credit System Insurance Corporation shall not have representation on the board of directors of the Corporation.”;

(ii) in the undesignated matter following paragraph (1)(D), by striking “In selecting” and inserting the following:

“(2) CONSIDERATIONS.—In selecting”; and

(iii) in paragraph (2) (as so designated), by inserting “of paragraph (1)” after “(A) and (B)”;

(B) by striking subsection (e); and

(C) by redesignating subsection (f) as subsection (e).

(20) Section 4.9A(c) of the Farm Credit Act of 1971 (12 U.S.C. 2162(c)) is amended—

(A) by striking “institution, and—” in the matter preceding paragraph (1) and all that follows through the period at the end of paragraph (2) and inserting “institution.”;

(B) by striking “If an institution” and inserting the following:

“(1) IN GENERAL.—If an institution”;

(C) in paragraph (1) (as so designated), by striking “the receiver of the institution” and inserting “the Farm Credit System Insurance Corporation, acting as receiver.”; and

(D) by adding at the end the following:

“(2) FUNDING.—The Farm Credit System Insurance Corporation shall use such funds from the Farm Credit Insurance Fund as are sufficient to carry out this section.”.

(21) Section 4.12A(a) of the Farm Credit Act of 1971 (12 U.S.C. 2184(a)) is amended by striking paragraph (1) and inserting the following:

“(1) IN GENERAL.—A Farm Credit System bank or association shall provide to a stockholder of the bank or association a current list of stockholders of the bank or association not later than 7 calendar days after the date on which the bank or association receives a written request for the stockholder list from the stockholder.”.

(22) Section 4.14A of the Farm Credit Act of 1971 (12 U.S.C. 2202a) is amended—

(A) in subsection (a)—

(i) in the matter preceding paragraph (1), by inserting “and section 4.36” before the colon at the end; and

(ii) in paragraph (5)(B)(ii)(I), by striking “4.14C.”;

(B) by striking subsection (h);

(C) by redesignating subsections (i) through (l) as subsections (h) through (k), respectively; and

(D) in subsection (k) (as so redesignated), by striking “production credit”.

(23) Section 4.14C of the Farm Credit Act of 1971 (12 U.S.C. 2202c) is repealed.

(24) Section 4.17 of the Farm Credit Act of 1971 (12 U.S.C. 2205) is amended in the third sentence by striking “Federal intermediate credit banks and”.

(25) Section 4.19(a) of the Farm Credit Act of 1971 (12 U.S.C. 2207(a)) is amended—

(A) in the first sentence—

(i) by striking “district”; and

(ii) by striking “Federal land bank association and production credit”; and

(B) in the second sentence, by striking “units” and inserting “institutions”.

(26) Section 4.38 of the Farm Credit Act of 1971 (12 U.S.C. 2219c) is amended by striking “The Assistance Board established under section 6.0 and all” and inserting “All”.

(27) Section 4.39 of the Farm Credit Act of 1971 (12 U.S.C. 2219d) is amended by striking “8.0(7)” and inserting “8.0”.

(28) Section 5.16 of the Farm Credit Act of 1971 (12 U.S.C. 2251) is amended in the undesignated matter following paragraph (5) of subsection (b) (as designated by section 5405)—

(A) in the fifth sentence, by striking “In actions undertaken by the banks pursuant to the foregoing provisions of this section” and inserting the following:

“(5) AGENT FOR BANKS.—In actions undertaken by the banks pursuant to this section”;

(B) in the fourth sentence, by striking “The plans” and inserting the following:

“(4) APPROVAL OF BOARD.—The plans”;

(C) in the third sentence, by striking “The powers” and inserting the following:

“(3) POWERS OF BANKS.—The powers”;

(D) in the second sentence, by striking “Such advances” and inserting the following:

“(2) ADVANCES.—The advances of funds described in paragraph (1)”;

(E) in the first sentence, by striking “The Board” and inserting the following:

“(c) FINANCING.—

“(1) IN GENERAL.—The Board”.

(29) Section 5.17(a)(2) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(2)) is amended by striking the second and third sentences.

(30) Section 5.18 of the Farm Credit Act of 1971 (12 U.S.C. 2253) is repealed.

(31) Section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2254) is amended—

(A) in subsection (a)—

(i) in the first sentence, by striking “Except for Federal land bank associations, each” and inserting “Each”; and

(ii) by striking the second sentence; and

(B) in subsection (b)—

(i) by striking “(b)(1) Each” and inserting “(b) Each”;

(ii) in the matter preceding paragraph (2) (as so designated)—

(I) in the second sentence, by striking “, except with respect to any actions taken by any banks of the System under section 4.8(b),”; and

(II) by striking the third sentence; and

(iii) by striking paragraphs (2) and (3).

(32) Section 5.31 of the Farm Credit Act of 1971 (12 U.S.C. 2267) is amended in the second sentence by striking “4.14A(i)” and inserting “4.14A(h)”.

(33) Section 5.32(h) of the Farm Credit Act of 1971 (12 U.S.C. 2268(h)) is amended by striking “4.14A(i)” and inserting “4.14A(h)”.

(34) Section 5.35 of the Farm Credit Act of 1971 (12 U.S.C. 2271) is amended in paragraph (5) (as redesignated by section 5408(2))—

(A) in subparagraph (A), by adding “and” at the end;

(B) by striking subparagraph (B);

(C) by redesignating subparagraph (C) as subparagraph (B); and

(D) in subparagraph (B) (as so redesignated)—

(i) by striking “after December 31, 1992,”; and

(ii) by striking “by the Farm Credit System Assistance Board under section 6.6 or”.

(35) Section 5.38 of the Farm Credit Act of 1971 (12 U.S.C. 2274) is amended by striking “a farm” and all that follows through “land bank” and inserting “a Farm Credit Bank board, officer, or employee shall not remove any director or officer of any”.

(36) Section 5.44 of the Farm Credit Act of 1971 (12 U.S.C. 2275) is repealed.

(37) Section 5.58(2) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-7(2)) is amended by striking the second sentence.

(38) Section 5.60 of the Farm Credit Act of 1971 (12 U.S.C. 2277a-9) is amended—

(A) in subsection (b), by striking the subsection designation and heading and all that follows through “The Corporation” in paragraph (2) and inserting the following: “(b) AMOUNTS IN FUND.—The Corporation”; and

(B) in subsection (c)(2), by striking “Insurance Fund to—” in the matter preceding subparagraph (A) and all that follows through “ensure” in subparagraph (B) and inserting “Insurance Fund to ensure”.

(39) Title VI of the Farm Credit Act of 1971 (12 U.S.C. 2278a et seq.) is repealed.

(40) Section 7.9 of the Farm Credit Act of 1971 (12 U.S.C. 2279c-2) is amended by striking subsection (c).

(41) Section 7.10(a) of the Farm Credit Act of 1971 (12 U.S.C. 2279d(a)) is amended by striking paragraph (4) and inserting the following:

“(4) the institution pays to the Farm Credit Insurance Fund the amount by which the total capital of the institution exceeds 6 percent of the assets;”.

(42) Section 8.0 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa) is amended—

(A) in paragraph (2), by striking “means—” in the matter preceding subparagraph (A) and all that follows through the period at the end of the undesignated matter

12 USC
2278a—
2278a-13,
2278b-2—
2278b-11.

following subparagraph (B) and inserting “means the board of directors established under section 8.2.”;

(B) by striking paragraphs (6) and (8);

(C) by redesignating paragraphs (7), (9), and (10) as paragraphs (6), (7), and (8), respectively; and

(D) in subparagraph (B)(i) of paragraph (7) (as so redesignated), by striking “(b) through (d)” and inserting “(b) and (c)”.

(43) Section 8.2 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-2) is amended—

(A) by striking subsection (a);

(B) in subsection (b), by striking the subsection designation and heading and all that follows through the period at the end of paragraph (1) and inserting the following:

“(a) IN GENERAL.—

“(1) ESTABLISHMENT.—The Corporation shall be under the management of the board of directors.”;

(C) in subsection (a) (as so designated)—

(i) by striking “permanent board” each place it appears and inserting “Board”;

(ii) by striking paragraph (3);

(iii) by redesignating paragraphs (4) through (10) as paragraphs (3) through (9), respectively; and

(iv) in paragraph (3)(A) (as so redesignated), by striking “(6)” and inserting “(5)”;

(D) by redesignating subsection (c) as subsection (b).

(44) Section 8.4(a)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-4(a)(1)) is amended—

(A) in the sixth sentence—

(i) by striking “Class B” and inserting the following:

“(iii) CLASS B STOCK.—Class B”; and

(ii) by striking “8.2(b)(2)(B)” and inserting “8.2(a)(2)(B)”;

(B) in the fifth sentence—

(i) by striking “Class A” and inserting the following:

“(ii) CLASS A STOCK.—Class A”; and

(ii) by striking “8.2(b)(2)(A)” and inserting “8.2(a)(2)(A)”;

(C) in the fourth sentence, by striking “The stock” and inserting the following:

“(D) CLASSES OF STOCK.—

“(i) IN GENERAL.—The stock”;

(D) by striking the third sentence and inserting the following:

“(C) OFFERS.—

“(i) IN GENERAL.—The Board shall offer the voting common stock to banks, other financial institutions, insurance companies, and System institutions under such terms and conditions as the Board may adopt.

“(ii) REQUIREMENTS.—The voting common stock shall be fairly and broadly offered to ensure that—

“(I) no institution or institutions acquire a disproportionate share of the total quantity of the

voting common stock outstanding of a class of stock; and

“(II) capital contributions and issuances of voting common stock for the contributions are fairly distributed between entities eligible to hold class A stock and class B stock.”;

(E) in the second sentence, by striking “Each share” and inserting the following:

“(B) NUMBER OF VOTES.—Each share”; and

(F) in the first sentence, by striking “The Corporation” and inserting the following:

“(A) IN GENERAL.—The Corporation”.

(45) Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6) is amended—

(A) by striking subsection (d);

(B) by redesignating subsection (e) as subsection (d);

and

(C) in paragraph (2) of subsection (d) (as so redesignated), by striking “8.0(9)” and inserting “8.0”.

(46) Section 8.9 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-9) is amended by striking “4.14C,” each place it appears.

(47) Section 8.11(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-11(e)) is amended by striking “8.0(7)” and inserting “8.0”.

(48) Section 8.32(a) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-1(a)) is amended—

(A) in the first sentence of the matter preceding paragraph (1), by striking “Not sooner than the expiration of the 3-year period beginning on the date of enactment of the Farm Credit System Reform Act of 1996, the” and inserting “The”; and

(B) in paragraph (1)(B), by striking “8.0(9)(C)” and inserting “8.0(7)(C)”.

(49) Section 8.33(b)(2)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-2(b)(2)(A)) is amended by striking “8.6(e)” and inserting “8.6(d)”.

(50) Section 8.35 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-4) is amended by striking subsection (e).

(51) Section 8.38 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-7) is repealed.

(52) Section 4 of the Agricultural Marketing Act (12 U.S.C. 1141b) is repealed.

(53) Section 5 of the Agricultural Marketing Act (12 U.S.C. 1141c) is repealed.

(54) Section 6 of the Agricultural Marketing Act (12 U.S.C. 1141d) is repealed.

(55) Section 7 of the Agricultural Marketing Act (12 U.S.C. 1141e) is repealed.

(56) Section 8 of the Agricultural Marketing Act (12 U.S.C. 1141f) is repealed.

(57) Section 14 of the Agricultural Marketing Act (12 U.S.C. 1141i) is repealed.

(58) The Act of June 22, 1939 (53 Stat. 853, chapter 239; 12 U.S.C. 1141d-1), is repealed.

(59) Section 201(e) of the Emergency Relief and Construction Act of 1932 (12 U.S.C. 1148) is repealed.

(60) Section 2 of the Act of July 14, 1953 (67 Stat. 150, chapter 192; 12 U.S.C. 1148a-4), is repealed.

(61) Section 32 of the Farm Credit Act of 1937 (12 U.S.C. 1148b) is repealed.

(62) Section 33 of the Farm Credit Act of 1937 (12 U.S.C. 1148c) is repealed.

(63) Section 34 of the Farm Credit Act of 1937 (12 U.S.C. 1148d) is repealed.

(64) The Joint Resolution of March 3, 1932 (47 Stat. 60, chapter 70; 12 U.S.C. 1401 et seq.), is repealed.

12 USC
2277a-10c.

SEC. 5412. CORPORATION AS CONSERVATOR OR RECEIVER; CERTAIN OTHER POWERS.

Part E of title V of the Farm Credit Act of 1971 is amended by inserting after section 5.61B (12 U.S.C. 2277a-10b) the following:

“SEC. 5.61C. CORPORATION AS CONSERVATOR OR RECEIVER; CERTAIN OTHER POWERS.

“(a) DEFINITION OF INSTITUTION.—In this section, the term ‘institution’ includes any System institution for which the Corporation has been appointed as conservator or receiver.

“(b) CERTAIN POWERS AND DUTIES OF CORPORATION AS CONSERVATOR OR RECEIVER.—In addition to the powers inherent in the express grant of corporate authority under section 5.58(9), and other powers exercised by the Corporation under this part, the Corporation shall have the following express powers to act as a conservator or receiver:

“(1) RULEMAKING AUTHORITY OF CORPORATION.—The Corporation may prescribe such regulations as the Corporation determines to be appropriate regarding the conduct of conservatorships or receiverships.

“(2) GENERAL POWERS.—

“(A) SUCCESSOR TO SYSTEM INSTITUTION.—The Corporation shall, as conservator or receiver, and by operation of law, succeed to—

“(i) all rights, titles, powers, and privileges of the System institution, and of any stockholder, member, officer, or director of such System institution with respect to the System institution and the assets of the System institution; and

“(ii) title to the books, records, and assets of any previous conservator or other legal custodian of such System institution.

“(B) OPERATE THE SYSTEM INSTITUTION.—The Corporation may, as conservator or receiver—

“(i) take over the assets of and operate the System institution with all the powers of the stockholders or members, the directors, and the officers of the System institution and conduct all business of the System institution;

“(ii) collect all obligations and money due the System institution;

“(iii) perform all functions of the System institution in the name of the System institution which are consistent with the appointment as conservator or receiver;

“(iv) preserve and conserve the assets and property of such System institution; and

“(v) provide by contract for assistance in fulfilling any function, activity, action, or duty of the Corporation as conservator or receiver.

“(C) FUNCTIONS OF SYSTEM INSTITUTION’S OFFICERS, DIRECTORS, MEMBERS, AND STOCKHOLDERS.—The Corporation may, by regulation or order, provide for the exercise of any function by any stockholder, member, director, or officer of any System institution for which the Corporation has been appointed conservator or receiver.

“(D) POWERS AS CONSERVATOR.—Subject to any Farm Credit Administration approvals required under this Act, the Corporation may, as conservator, take such action as may be—

“(i) necessary to put the System institution in a sound and solvent condition; and

“(ii) appropriate to carry on the business of the System institution and preserve and conserve the assets and property of the System institution.

“(E) ADDITIONAL POWERS AS RECEIVER.—The Corporation may, as receiver, liquidate the System institution and proceed to realize upon the assets of the System institution, in such manner as the Corporation determines to be appropriate.

“(F) ORGANIZATION OF NEW SYSTEM BANK.—The Corporation may, as receiver with respect to any System bank, organize a bridge System bank under subsection (h).

“(G) MERGER; TRANSFER OF ASSETS AND LIABILITIES.—

“(i) IN GENERAL.—Subject to clause (ii), the Corporation may, as conservator or receiver—

“(I) merge the System institution with another System institution; and

“(II) transfer or sell any asset or liability of the System institution in default without any approval, assignment, or consent with respect to such transfer.

“(ii) APPROVAL.—No merger or transfer under clause (i) may be made to another System institution (other than a bridge System bank under subsection (h)) without the approval of the Farm Credit Administration.

“(H) PAYMENT OF VALID OBLIGATIONS.—The Corporation, as conservator or receiver, shall, to the extent that proceeds are realized from the performance of contracts or the sale of the assets of a System institution, pay all valid obligations of the System institution in accordance with the prescriptions and limitations of this section.

“(I) INCIDENTAL POWERS.—

“(i) IN GENERAL.—The Corporation may, as conservator or receiver—

“(I) exercise all powers and authorities specifically granted to conservators or receivers, respectively, under this section and such incidental powers as shall be necessary to carry out such powers; and

“(II) take any action authorized by this section, which the Corporation determines is in the best interests of—

“(aa) the System institution in receivership or conservatorship;

“(bb) System institutions;

“(cc) System institution stockholders or investors; or

“(dd) the Corporation.

“(ii) TERMINATION OF RIGHTS AND CLAIMS.—

“(I) IN GENERAL.—Except as provided in subclause (II), notwithstanding any other provision of law, the appointment of the Corporation as receiver for a System institution and the succession of the Corporation, by operation of law, to the rights, titles, powers, and privileges described in subparagraph (A) shall terminate all rights and claims that the stockholders and creditors of the System institution may have, arising as a result of their status as stockholders or creditors, against the assets or charter of the System institution or the Corporation.

“(II) EXCEPTIONS.—Subclause (I) shall not terminate the right to payment, resolution, or other satisfaction of the claims of stockholders and creditors described in that subclause, as permitted under paragraphs (10) and (11) and subsection (d).

“(iii) CHARTER.—Notwithstanding any other provision of law, for purposes of this section, the charter of a System institution shall not be considered to be an asset of the System institution.

“(J) UTILIZATION OF PRIVATE SECTOR.—In carrying out its responsibilities in the management and disposition of assets from System institutions, as conservator, receiver, or in its corporate capacity, the Corporation may utilize the services of private persons, including real estate and loan portfolio asset management, property management, auction marketing, legal, and brokerage services, if the Corporation determines utilization of such services is practicable, efficient, and cost effective.

“(3) AUTHORITY OF RECEIVER TO DETERMINE CLAIMS.—

“(A) IN GENERAL.—The Corporation may, as receiver, determine claims in accordance with the requirements of this subsection and regulations prescribed under paragraph (4).

“(B) NOTICE REQUIREMENTS.—The receiver, in any case involving the liquidation or winding up of the affairs of a closed System institution, shall—

“(i) promptly publish a notice to the System institution’s creditors to present their claims, together with proof, to the receiver by a date specified in the notice which shall be not less than 90 days after the publication of such notice; and

“(ii) republish such notice approximately 1 month and 2 months, respectively, after the publication under clause (i).

“(C) MAILING REQUIRED.—The receiver shall mail a notice similar to the notice published under subparagraph

(B)(i) at the time of such publication to any creditor shown on the System institution's books—

“(i) at the creditor's last address appearing in such books; or

“(ii) upon discovery of the name and address of a claimant not appearing on the System institution's books within 30 days after the discovery of such name and address.

“(4) RULEMAKING AUTHORITY RELATING TO DETERMINATION OF CLAIMS.—The Corporation may prescribe regulations regarding the allowance or disallowance of claims by the receiver and providing for administrative determination of claims and review of such determination.

“(5) PROCEDURES FOR DETERMINATION OF CLAIMS.—

“(A) DETERMINATION PERIOD.—

“(i) IN GENERAL.—Before the end of the 180-day period beginning on the date any claim against a System institution is filed with the Corporation as receiver, the Corporation shall determine whether to allow or disallow the claim and shall notify the claimant of any determination with respect to such claim.

“(ii) EXTENSION OF TIME.—The period described in clause (i) may be extended by a written agreement between the claimant and the Corporation.

“(iii) MAILING OF NOTICE SUFFICIENT.—The requirements of clause (i) shall be deemed to be satisfied if the notice of any determination with respect to any claim is mailed to the last address of the claimant which appears—

“(I) on the System institution's books;

“(II) in the claim filed by the claimant; or

“(III) in documents submitted in proof of the claim.

“(iv) CONTENTS OF NOTICE OF DISALLOWANCE.—If any claim filed under clause (i) is disallowed, the notice to the claimant shall contain—

“(I) a statement of each reason for the disallowance; and

“(II) the procedures available for obtaining agency review of the determination to disallow the claim or judicial determination of the claim.

“(B) ALLOWANCE OF PROVEN CLAIMS.—The receiver shall allow any claim received on or before the date specified in the notice published under paragraph (3)(B)(i) by the receiver from any claimant which is proved to the satisfaction of the receiver.

“(C) DISALLOWANCE OF CLAIMS FILED AFTER END OF FILING PERIOD.—

“(i) IN GENERAL.—Except as provided in clause (ii), claims filed after the date specified in the notice published under paragraph (3)(B)(i) shall be disallowed and such disallowance shall be final.

“(ii) CERTAIN EXCEPTIONS.—Clause (i) shall not apply with respect to any claim filed by any claimant after the date specified in the notice published under paragraph (3)(B)(i) and such claim may be considered by the receiver if—

“(I) the claimant did not receive notice of the appointment of the receiver in time to file such claim before such date; and

“(II) such claim is filed in time to permit payment of such claim.

“(D) AUTHORITY TO DISALLOW CLAIMS.—

“(i) IN GENERAL.—The receiver may disallow any portion of any claim by a creditor or claim of security, preference, or priority which is not proved to the satisfaction of the receiver.

“(ii) PAYMENTS TO LESS THAN FULLY SECURED CREDITORS.—In the case of a claim of a creditor against a System institution which is secured by any property or other asset of such System institution, any receiver appointed for any System institution—

“(I) may treat the portion of such claim which exceeds an amount equal to the fair market value of such property or other asset as an unsecured claim against the System institution; and

“(II) may not make any payment with respect to such unsecured portion of the claim other than in connection with the disposition of all claims of unsecured creditors of the System institution.

“(iii) EXCEPTIONS.—No provision of this paragraph shall apply with respect to—

“(I) any extension of credit from any Federal Reserve bank or the United States Treasury to any System institution; or

“(II) any security interest in the assets of the System institution securing any such extension of credit.

“(E) NO JUDICIAL REVIEW OF DETERMINATION PURSUANT TO SUBPARAGRAPH (D).—No court may review the Corporation’s determination pursuant to subparagraph (D) to disallow a claim.

“(F) LEGAL EFFECT OF FILING.—

“(i) STATUTE OF LIMITATION TOLLED.—For purposes of any applicable statute of limitations, the filing of a claim with the receiver shall constitute a commencement of an action.

“(ii) NO PREJUDICE TO OTHER ACTIONS.—Subject to paragraph (12) and the determination of claims by a receiver, the filing of a claim with the receiver shall not prejudice any right of the claimant to continue any action which was filed before the appointment of the receiver.

“(6) PROVISION FOR JUDICIAL DETERMINATION OF CLAIMS.—

“(A) IN GENERAL.—Before the end of the 60-day period beginning on the earlier of—

“(i) the end of the period described in paragraph (5)(A)(i) with respect to any claim against a System institution for which the Corporation is receiver; or

“(ii) the date of any notice of disallowance of such claim pursuant to paragraph (5)(A)(i),

the claimant may request administrative review of the claim in accordance with paragraph (7) or file suit on such claim (or continue an action commenced before the

appointment of the receiver) in the district or territorial court of the United States for the district within which the System institution's principal place of business is located or the United States District Court for the District of Columbia (and such court shall have jurisdiction to hear such claim).

“(B) STATUTE OF LIMITATIONS.—If any claimant fails to file suit on such claim (or continue an action commenced before the appointment of the receiver), before the end of the 60-day period described in subparagraph (A), the claim shall be deemed to be disallowed (other than any portion of such claim which was allowed by the receiver) as of the end of such period, such disallowance shall be final, and the claimant shall have no further rights or remedies with respect to such claim.

“(7) REVIEW OF CLAIMS; ADMINISTRATIVE HEARING.—If any claimant requests review under this paragraph in lieu of filing or continuing any action under paragraph (6) and the Corporation agrees to such request, the Corporation shall consider the claim after opportunity for a hearing on the record. The final determination of the Corporation with respect to such claim shall be subject to judicial review under chapter 7 of title 5, United States Code.

“(8) EXPEDITED DETERMINATION OF CLAIMS.—

“(A) ESTABLISHMENT REQUIRED.—The Corporation shall establish a procedure for expedited relief outside of the routine claims process established under paragraph (5) for claimants who—

“(i) allege the existence of legally valid and enforceable or perfected security interests in assets of any System institution for which the Corporation has been appointed receiver; and

“(ii) allege that irreparable injury will occur if the routine claims procedure is followed.

“(B) DETERMINATION PERIOD.—Before the end of the 90-day period beginning on the date any claim is filed in accordance with the procedures established pursuant to subparagraph (A), the Corporation shall—

“(i) determine—

“(I) whether to allow or disallow such claim;

or

“(II) whether such claim should be determined pursuant to the procedures established pursuant to paragraph (5); and

“(ii) notify the claimant of the determination, and if the claim is disallowed, provide a statement of each reason for the disallowance and the procedure for obtaining agency review or judicial determination.

“(C) PERIOD FOR FILING OR RENEWING SUIT.—Any claimant who files a request for expedited relief shall be permitted to file a suit, or to continue a suit filed before the appointment of the receiver, seeking a determination of the claimant's rights with respect to such security interest after the earlier of—

“(i) the end of the 90-day period beginning on the date of the filing of a request for expedited relief;

or

“(ii) the date the Corporation denies the claim.

“(D) STATUTE OF LIMITATIONS.—If an action described in subparagraph (C) is not filed, or the motion to renew a previously filed suit is not made, before the end of the 30-day period beginning on the date on which such action or motion may be filed in accordance with subparagraph (B), the claim shall be deemed to be disallowed as of the end of such period (other than any portion of such claim which was allowed by the receiver), such disallowance shall be final, and the claimant shall have no further rights or remedies with respect to such claim.

“(E) LEGAL EFFECT OF FILING.—

“(i) STATUTE OF LIMITATION TOLLED.—For purposes of any applicable statute of limitations, the filing of a claim with the receiver shall constitute a commencement of an action.

“(ii) NO PREJUDICE TO OTHER ACTIONS.—Subject to paragraph (12), the filing of a claim with the receiver shall not prejudice any right of the claimant to continue any action which was filed before the appointment of the receiver.

“(9) AGREEMENT AS BASIS OF CLAIM.—

“(A) REQUIREMENTS.—Except as provided in subparagraph (B), any agreement which does not meet the requirements set forth in section 5.61(d) shall not form the basis of, or substantially comprise, a claim against the receiver or the Corporation.

“(B) EXCEPTION TO CONTEMPORANEOUS EXECUTION REQUIREMENT.—Notwithstanding section 5.61(d), any agreement relating to an extension of credit between a Federal Reserve bank or the United States Treasury and any System institution which was executed before such extension of credit to such System institution shall be treated as having been executed contemporaneously with such extension of credit for purposes of subparagraph (A).

“(10) PAYMENT OF CLAIMS.—

“(A) IN GENERAL.—The receiver may, in the receiver’s discretion and to the extent funds are available from the assets of the System institution, pay creditor claims which are allowed by the receiver, approved by the Corporation pursuant to a final determination pursuant to paragraph (7) or (8), or determined by the final judgment of any court of competent jurisdiction in such manner and amounts as are authorized under this Act.

“(B) LIQUIDATION PAYMENTS.—The receiver may, in the receiver’s sole discretion, pay from the assets of the System institution portions of proved claims at any time, and no liability shall attach to the Corporation (in such Corporation’s corporate capacity or as receiver), by reason of any such payment, for failure to make payments to a claimant whose claim is not proved at the time of any such payment.

“(C) RULEMAKING AUTHORITY OF CORPORATION.—The Corporation may prescribe such rules, including definitions of terms, as it deems appropriate to establish a single uniform interest rate for or to make payments of post insolvency interest to creditors holding proven claims

against the receivership estates of System institutions following satisfaction by the receiver of the principal amount of all creditor claims.

“(11) PRIORITY OF EXPENSES AND CLAIMS.—

“(A) IN GENERAL.—Amounts realized from the liquidation or other resolution of any System institution by any receiver appointed for such System institution shall be distributed to pay claims (other than secured claims to the extent of any such security) in the following order of priority:

“(i) Administrative expenses of the receiver.

“(ii) If authorized by the Corporation, wages, salaries, or commissions, including vacation, severance, and sick leave pay earned by an individual—

“(I) in an amount that is not more than \$11,725 for each individual (as indexed for inflation, by regulation of the Corporation); and

“(II) that is earned 180 days or fewer before the date of appointment of the Corporation as receiver.

“(iii) In the case of the resolution of a System bank, all claims of holders of consolidated and System-wide bonds and all claims of the other System banks arising from the payments of the System banks pursuant to—

“(I) section 4.4 on consolidated and System-wide bonds issued under subsection (c) or (d) of section 4.2; or

“(II) an agreement, in writing and approved by the Farm Credit Administration, among the System banks to reallocate the payments.

“(iv) In the case of the resolution of a production credit association or other association making direct loans under section 7.6, all claims of a System bank based on the financing agreement between the association and the System bank—

“(I) including interest accrued before and after the appointment of the receiver; and

“(II) not including any setoff for stock or other equity of that System bank owned by the association, on that condition that, prior to making that setoff, that System bank shall obtain the approval of the Farm Credit Administration Board for the retirement of that stock or equity.

“(v) Any general or senior liability of the System institution (which is not a liability described in clause (vi) or (vii)).

“(vi) Any obligation subordinated to general creditors (which is not an obligation described in clause (vii)).

“(vii) Any obligation to stockholders or members arising as a result of their status as stockholders or members.

“(B) PAYMENT OF CLAIMS.—

“(i) IN GENERAL.—

“(I) PAYMENT.—All claims of each priority described in clauses (i) through (vii) of subparagraph (A) shall be paid in full, or provisions shall be made for that payment, prior to the payment of any claim of a lesser priority.

“(II) INSUFFICIENT FUNDS.—If there are insufficient funds to pay in full all claims in any priority described clauses (i) through (vii) of subparagraph (A), distribution on that priority of claims shall be made on a pro rata basis.

“(ii) DISTRIBUTION OF REMAINING ASSETS.—Following the payment of all claims in accordance with subparagraph (A), the receiver shall distribute the remainder of the assets of the System institution to the owners of stock, participation certificates, and other equities in accordance with the priorities for impairment under the bylaws of the System institution.

“(iii) ELIGIBLE BORROWER STOCK.—Notwithstanding subparagraph (C) or any other provision of this section, eligible borrower stock shall be retired in accordance with section 4.9A.

“(C) EFFECT OF STATE LAW.—

“(i) IN GENERAL.—The provisions of subparagraph (A) shall not supersede the law of any State except to the extent such law is inconsistent with the provisions of such subparagraph, and then only to the extent of the inconsistency.

“(ii) PROCEDURE FOR DETERMINATION OF INCONSISTENCY.—Upon the Corporation’s own motion or upon the request of any person with a claim described in subparagraph (A) or any State which is submitted to the Corporation in accordance with procedures which the Corporation shall prescribe, the Corporation shall determine whether any provision of the law of any State is inconsistent with any provision of subparagraph (A) and the extent of any such inconsistency.

“(iii) JUDICIAL REVIEW.—The final determination of the Corporation under clause (ii) shall be subject to judicial review under chapter 7 of title 5, United States Code.

“(D) ACCOUNTING REPORT.—Any distribution by the Corporation in connection with any claim described in subparagraph (A)(vii) shall be accompanied by the accounting report required under paragraph (15)(B).

“(12) SUSPENSION OF LEGAL ACTIONS.—

“(A) IN GENERAL.—After the appointment of a conservator or receiver for a System institution, the conservator or receiver may request a stay for a period not to exceed—

“(i) 45 days, in the case of any conservator; and

“(ii) 90 days, in the case of any receiver,

in any judicial action or proceeding to which such System institution is or becomes a party.

“(B) GRANT OF STAY BY ALL COURTS REQUIRED.—Upon receipt of a request by any conservator or receiver pursuant to subparagraph (A) for a stay of any judicial action or proceeding in any court with jurisdiction of such action

or proceeding, the court shall grant such stay as to all parties.

“(13) ADDITIONAL RIGHTS AND DUTIES.—

“(A) PRIOR FINAL ADJUDICATION.—The Corporation shall abide by any final unappealable judgment of any court of competent jurisdiction which was rendered before the appointment of the Corporation as conservator or receiver.

“(B) RIGHTS AND REMEDIES OF CONSERVATOR OR RECEIVER.—In the event of any appealable judgment, the Corporation as conservator or receiver shall—

“(i) have all the rights and remedies available to the System institution (before the appointment of such conservator or receiver) and the Corporation in its corporate capacity, including removal to Federal court and all appellate rights; and

“(ii) not be required to post any bond in order to pursue such remedies.

“(C) NO ATTACHMENT OR EXECUTION.—No attachment or execution may issue by any court on—

“(i) assets in the possession of the receiver; or

“(ii) the charter of a System institution for which the Corporation has been appointed receiver.

“(D) LIMITATION ON JUDICIAL REVIEW.—Except as otherwise provided in this subsection, no court shall have jurisdiction over—

“(i) any claim or action for payment from, or any action seeking a determination of rights with respect to, the assets of any System institution for which the Corporation has been appointed receiver, including assets which the Corporation may acquire from itself as such receiver; or

“(ii) any claim relating to any act or omission of such System institution or the Corporation as receiver.

“(E) DISPOSITION OF ASSETS.—In exercising any right, power, privilege, or authority as receiver in connection with any sale or disposition of assets of any System institution for which the Corporation is acting as receiver, the Corporation shall, to the maximum extent practicable, conduct its operations in a manner which—

“(i) maximizes the net present value return from the sale or disposition of such assets;

“(ii) minimizes the amount of any loss realized in the resolution of cases;

“(iii) ensures adequate competition and fair and consistent treatment of offerors;

“(iv) prohibits discrimination on the basis of race, sex, or ethnic groups in the solicitation and consideration of offers; and

“(v) mitigates the potential for serious adverse effects to the rest of the System.

“(14) STATUTE OF LIMITATIONS FOR ACTIONS BROUGHT BY CONSERVATOR OR RECEIVER.—

“(A) IN GENERAL.—Notwithstanding any provision of any contract, the applicable statute of limitations with

regard to any action brought by the Corporation as conservator or receiver shall be—

“(i) in the case of any contract claim, the longer of—

“(I) the 6-year period beginning on the date the claim accrues; or

“(II) the period applicable under State law; and

“(ii) in the case of any tort claim, the longer of—

“(I) the 3-year period beginning on the date the claim accrues; or

“(II) the period applicable under State law.

“(B) DETERMINATION OF THE DATE ON WHICH A CLAIM ACCRUES.—For purposes of subparagraph (A), the date on which the statute of limitations begins to run on any claim described in such subparagraph shall be the later of—

“(i) the date of the appointment of the Corporation as conservator or receiver; or

“(ii) the date on which the cause of action accrues.

“(C) REVIVAL OF EXPIRED STATE CAUSES OF ACTION.—

“(i) IN GENERAL.—In the case of any tort claim described in clause (ii) for which the statute of limitation applicable under State law with respect to such claim has expired not more than 5 years before the appointment of the Corporation as conservator or receiver, the Corporation may bring an action as conservator or receiver on such claim without regard to the expiration of the statute of limitation applicable under State law.

“(ii) CLAIMS DESCRIBED.—A tort claim referred to in clause (i) is a claim arising from fraud, intentional misconduct resulting in unjust enrichment, or intentional misconduct resulting in substantial loss to the System institution.

“(15) ACCOUNTING AND RECORDKEEPING REQUIREMENTS.—

“(A) IN GENERAL.—The Corporation as conservator or receiver shall, consistent with the accounting and reporting practices and procedures established by the Corporation, maintain a full accounting of each conservatorship and receivership or other disposition of System institutions in default.

“(B) ANNUAL ACCOUNTING OR REPORT.—With respect to each conservatorship or receivership to which the Corporation was appointed, the Corporation shall make an annual accounting or report, as appropriate, available to the Farm Credit Administration Board.

“(C) AVAILABILITY OF REPORTS.—Any report prepared pursuant to subparagraph (B) shall be made available by the Corporation upon request to any stockholder of the System institution for which the Corporation was appointed conservator or receiver or any other member of the public.

“(D) RECORDKEEPING REQUIREMENT.—

“(i) IN GENERAL.—Except as provided in clause (ii), after the end of the 6-year period beginning on the date the Corporation is appointed as receiver of a System institution, the Corporation may destroy any

records of such System institution which the Corporation, in the Corporation's discretion, determines to be unnecessary unless directed not to do so by a court of competent jurisdiction or governmental agency, or prohibited by law.

“(ii) OLD RECORDS.—Notwithstanding clause (i), the Corporation may destroy records of a System institution which are at least 10 years old as of the date on which the Corporation is appointed as the receiver of such System institution in accordance with clause (i) at any time after such appointment is final, without regard to the 6-year period of limitation contained in clause (i).

“(16) FRAUDULENT TRANSFERS.—

“(A) IN GENERAL.—The Corporation, as conservator or receiver for any System institution, may avoid a transfer of any interest of a System institution-affiliated party, or any person who the Corporation determines is a debtor of the System institution, in property, or any obligation incurred by such party or person, that was made within 5 years of the date on which the Corporation was appointed conservator or receiver if such party or person voluntarily or involuntarily made such transfer or incurred such liability with the intent to hinder, delay, or defraud the System institution, the Farm Credit Administration, or the Corporation.

“(B) RIGHT OF RECOVERY.—To the extent a transfer is avoided under subparagraph (A), the Corporation may recover, for the benefit of the System institution, the property transferred, or, if a court so orders, the value of such property (at the time of such transfer) from—

“(i) the initial transferee of such transfer or the System institution-affiliated party or person for whose benefit such transfer was made; or

“(ii) any immediate or mediate transferee of any such initial transferee.

“(C) RIGHTS OF TRANSFEREE OR OBLIGEE.—The Corporation may not recover under subparagraph (B) from—

“(i) any transferee that takes for value, including satisfaction or securing of a present or antecedent debt, in good faith; or

“(ii) any immediate or mediate good faith transferee of such transferee.

“(D) RIGHTS UNDER THIS PARAGRAPH.—The rights under this paragraph of the Corporation shall be superior to any rights of a trustee or any other party (other than any party which is a Federal agency) under title 11, United States Code.

“(17) ATTACHMENT OF ASSETS AND OTHER INJUNCTIVE RELIEF.—Subject to paragraph (18), any court of competent jurisdiction may, at the request of the Corporation (in the Corporation's capacity as conservator or receiver for any System institution or in the Corporation's corporate capacity with respect to any asset acquired or liability assumed by the Corporation under section 5.61), issue an order in accordance with Rule 65 of the Federal Rules of Civil Procedure, including an order placing the assets of any person designated by the

Corporation under the control of the court and appointing a trustee to hold such assets.

“(18) STANDARDS.—

“(A) SHOWING.—Rule 65 of the Federal Rules of Civil Procedure shall apply with respect to any proceeding under paragraph (17) without regard to the requirement of such rule that the applicant show that the injury, loss, or damage is irreparable and immediate.

“(B) STATE PROCEEDING.—If, in the case of any proceeding in a State court, the court determines that rules of civil procedure available under the laws of such State provide substantially similar protections to such party’s right to due process as Rule 65 (as modified with respect to such proceeding by subparagraph (A)), the relief sought by the Corporation pursuant to paragraph (17) may be requested under the laws of such State.

“(19) TREATMENT OF CLAIMS ARISING FROM BREACH OF CONTRACTS EXECUTED BY THE RECEIVER OR CONSERVATOR.—Notwithstanding any other provision of this subsection, any final and unappealable judgment for monetary damages entered against a receiver or conservator for a System institution for the breach of an agreement executed or approved by such receiver or conservator after the date of its appointment shall be paid as an administrative expense of the receiver or conservator. Nothing in this paragraph shall be construed to limit the power of a receiver or conservator to exercise any rights under contract or law, including terminating, breaching, canceling, or otherwise discontinuing such agreement.

“(c) PROVISIONS RELATING TO CONTRACTS ENTERED INTO BEFORE APPOINTMENT OF CONSERVATOR OR RECEIVER.—

“(1) AUTHORITY TO REPUDIATE CONTRACTS.—In addition to any other rights a conservator or receiver may have, the conservator or receiver for a System institution may disaffirm or repudiate any contract or lease—

“(A) to which such System institution is a party;

“(B) the performance of which the conservator or receiver, in the conservator’s or receiver’s discretion, determines to be burdensome; and

“(C) the disaffirmance or repudiation of which the conservator or receiver determines, in the conservator’s or receiver’s discretion, will promote the orderly administration of the System institution’s affairs.

“(2) TIMING OF REPUDIATION.—The Corporation as conservator or receiver for any System institution shall determine whether or not to exercise the rights of repudiation under this subsection within a reasonable period following such appointment.

“(3) CLAIMS FOR DAMAGES FOR REPUDIATION.—

“(A) IN GENERAL.—Except as otherwise provided in subparagraph (C) and paragraphs (4), (5), and (6), the liability of the conservator or receiver for the disaffirmance or repudiation of any contract pursuant to paragraph (1) shall be—

“(i) limited to actual direct compensatory damages;

and

“(ii) determined as of—

“(I) the date of the appointment of the conservator or receiver; or

“(II) in the case of any contract or agreement referred to in paragraph (8), the date of the disaffirmance or repudiation of such contract or agreement.

“(B) NO LIABILITY FOR OTHER DAMAGES.—For purposes of subparagraph (A), the term ‘actual direct compensatory damages’ does not include—

“(i) punitive or exemplary damages;

“(ii) damages for lost profits or opportunity; or

“(iii) damages for pain and suffering.

“(C) MEASURE OF DAMAGES FOR REPUDIATION OF FINANCIAL CONTRACTS.—In the case of any qualified financial contract or agreement to which paragraph (8) applies, compensatory damages shall be—

“(i) deemed to include normal and reasonable costs of cover or other reasonable measures of damages utilized in the industries for such contract and agreement claims; and

“(ii) paid in accordance with this subsection and subsection (j), except as otherwise specifically provided in this section.

“(4) LEASES UNDER WHICH THE SYSTEM INSTITUTION IS THE LESSEE.—

“(A) IN GENERAL.—If the conservator or receiver disaffirms or repudiates a lease under which the System institution was the lessee, the conservator or receiver shall not be liable for any damages (other than damages determined pursuant to subparagraph (B)) for the disaffirmance or repudiation of such lease.

“(B) PAYMENTS OF RENT.—Notwithstanding subparagraph (A), the lessor under a lease to which such subparagraph applies shall—

“(i) be entitled to the contractual rent accruing before the later of the date—

“(I) the notice of disaffirmance or repudiation is mailed; or

“(II) the disaffirmance or repudiation becomes effective, unless the lessor is in default or breach of the terms of the lease; and

“(ii) have no claim for damages under any acceleration clause or other penalty provision in the lease; and

“(iii) have a claim for any unpaid rent, subject to all appropriate offsets and defenses, due as of the date of the appointment, which shall be paid in accordance with this subsection and subsection (j).

“(5) LEASES UNDER WHICH THE SYSTEM INSTITUTION IS THE LESSOR.—

“(A) IN GENERAL.—If the conservator or receiver repudiates an unexpired written lease of real property of the System institution under which the System institution is the lessor and the lessee is not, as of the date of such repudiation, in default, the lessee under such lease may either—

“(i) treat the lease as terminated by such repudiation; or

“(ii) remain in possession of the leasehold interest for the balance of the term of the lease, unless the lessee defaults under the terms of the lease after the date of such repudiation.

“(B) PROVISIONS APPLICABLE TO LESSEE REMAINING IN POSSESSION.—If any lessee under a lease described in subparagraph (A) remains in possession of a leasehold interest pursuant to clause (ii) of such subparagraph—

“(i) the lessee—

“(I) shall continue to pay the contractual rent pursuant to the terms of the lease after the date of the repudiation of such lease; and

“(II) may offset against any rent payment which accrues after the date of the repudiation of the lease, any damages which accrue after such date due to the nonperformance of any obligation of the System institution under the lease after such date; and

“(ii) the conservator or receiver shall not be liable to the lessee for any damages arising after such date as a result of the repudiation, other than the amount of any offset allowed under clause (i)(II).

“(6) CONTRACTS FOR THE SALE OF REAL PROPERTY.—

“(A) IN GENERAL.—If the conservator or receiver repudiates any contract that meets the requirements of paragraphs (1) through (4) of section 5.61(d) for the sale of real property, and the purchaser of such real property under such contract is in possession and is not, as of the date of such repudiation, in default, such purchaser may either—

“(i) treat the contract as terminated by such repudiation; or

“(ii) remain in possession of such real property.

“(B) PROVISIONS APPLICABLE TO PURCHASER REMAINING IN POSSESSION.—If any purchaser of real property under any contract described in subparagraph (A) remains in possession of such property pursuant to clause (ii) of such subparagraph—

“(i) the purchaser—

“(I) shall continue to make all payments due under the contract after the date of the repudiation of the contract; and

“(II) may offset against any such payments any damages which accrue after such date due to the nonperformance (after such date) of any obligation of the System institution under the contract; and

“(ii) the conservator or receiver shall—

“(I) not be liable to the purchaser for any damages arising after that date as a result of the repudiation, other than the amount of any offset allowed under clause (i)(II);

“(II) deliver title to the purchaser in accordance with the contract; and

“(III) have no obligation under the contract, other than the performance required under subclause (II).

“(C) ASSIGNMENT AND SALE ALLOWED.—

“(i) IN GENERAL.—No provision of this paragraph shall be construed as limiting the right of the conservator or receiver to assign the contract described in subparagraph (A) and sell the property subject to the contract and this paragraph.

“(ii) NO LIABILITY AFTER ASSIGNMENT AND SALE.—If an assignment and sale described in clause (i) is consummated, the Corporation, acting as conservator or receiver, shall have no further liability under the applicable contract described in subparagraph (A) or with respect to the real property which was the subject of such contract.

“(7) PROVISIONS APPLICABLE TO SERVICE CONTRACTS.—

“(A) SERVICES PERFORMED BEFORE APPOINTMENT.—In the case of any contract for services between any person and any System institution for which the Corporation has been appointed conservator or receiver, any claim of such person for services performed before the appointment of the conservator or the receiver shall be—

“(i) a claim to be paid in accordance with subsections (b) and (d); and

“(ii) deemed to have arisen as of the date the conservator or receiver was appointed.

“(B) SERVICES PERFORMED AFTER APPOINTMENT AND PRIOR TO REPUDIATION.—If, in the case of any contract for services described in subparagraph (A), the conservator or receiver accepts performance by the other person before the conservator or receiver makes any determination to exercise the right of repudiation of such contract under this section—

“(i) the other party shall be paid under the terms of the contract for the services performed; and

“(ii) the amount of such payment shall be treated as an administrative expense of the conservatorship or receivership.

“(C) ACCEPTANCE OF PERFORMANCE NO BAR TO SUBSEQUENT REPUDIATION.—The acceptance by any conservator or receiver of services referred to in subparagraph (B) in connection with a contract described in such subparagraph shall not affect the right of the conservator or receiver, to repudiate such contract under this section at any time after such performance.

“(8) CERTAIN QUALIFIED FINANCIAL CONTRACTS.—

“(A) DEFINITIONS.—In this paragraph:

“(i) COMMODITY CONTRACT.—The term ‘commodity contract’ means—

“(I) with respect to a futures commission merchant, a contract for the purchase or sale of a commodity for future delivery on, or subject to the rules of, a contract market or board of trade;

“(II) with respect to a foreign futures commission merchant, a foreign future;

“(III) with respect to a leverage transaction merchant, a leverage transaction;

“(IV) with respect to a clearing organization, a contract for the purchase or sale of a commodity for future delivery on, or subject to the rules of, a contract market or board of trade that is cleared by such clearing organization, or commodity option traded on, or subject to the rules of, a contract market or board of trade that is cleared by such clearing organization;

“(V) with respect to a commodity options dealer, a commodity option;

“(VI) any other agreement or transaction that is similar to any agreement or transaction referred to in this clause;

“(VII) any combination of the agreements or transactions referred to in this clause;

“(VIII) any option to enter into any agreement or transaction referred to in this clause;

“(IX) a master agreement that provides for an agreement or transaction referred to in any of subclauses (I) through (VIII), together with all supplements to any such master agreement, without regard to whether the master agreement provides for an agreement or transaction that is not a commodity contract under this clause, except that the master agreement shall be considered to be a commodity contract under this clause only with respect to each agreement or transaction under the master agreement that is referred to in subclause (I), (II), (III), (IV), (V), (VI), (VII), or (VIII); or

“(X) any security agreement or arrangement or other credit enhancement related to any agreement or transaction referred to in this clause, including any guarantee or reimbursement obligation in connection with any agreement or transaction referred to in this clause.

“(ii) FORWARD CONTRACT.—The term ‘forward contract’ means—

“(I) a contract (other than a commodity contract) for the purchase, sale, or transfer of a commodity or any similar good, article, service, right, or interest which is presently or in the future becomes the subject of dealing in the forward contract trade, or product or byproduct thereof, with a maturity date more than 2 days after the date the contract is entered into, including a repurchase or reverse repurchase transaction (whether or not such repurchase or reverse repurchase transaction is a repurchase agreement), consignment, lease, swap, hedge transaction, deposit, loan, option, allocated transaction, unallocated transaction, or any other similar agreement;

“(II) any combination of agreements or transactions referred to in subclauses (I) and (III);

“(III) any option to enter into any agreement or transaction referred to in subclause (I) or (II);

“(IV) a master agreement that provides for an agreement or transaction referred to in subclauses (I) through (III), together with all supplements to any such master agreement, without regard to whether the master agreement provides for an agreement or transaction that is not a forward contract under this clause, except that the master agreement shall be considered to be a forward contract under this clause only with respect to each agreement or transaction under the master agreement that is referred to in subclause (I), (II), or (III); or

“(V) any security agreement or arrangement or other credit enhancement related to any agreement or transaction referred to in subclause (I), (II), (III), or (IV), including any guarantee or reimbursement obligation in connection with any agreement or transaction referred to in any such subclause.

“(iii) PERSON.—The term ‘person’—

“(I) has the meaning given the term in section 1 of title 1, United States Code; and

“(II) includes any governmental entity.

“(iv) QUALIFIED FINANCIAL CONTRACT.—The term ‘qualified financial contract’ means any securities contract, commodity contract, forward contract, repurchase agreement, swap agreement, and any similar agreement that the Corporation determines by regulation, resolution, or order to be a qualified financial contract for purposes of this paragraph.

“(v) REPURCHASE AGREEMENT.—

“(I) IN GENERAL.—The term ‘repurchase agreement’ (including with respect to a reverse repurchase agreement)—

“(aa) means—

“(AA) an agreement, including related terms, which provides for the transfer of one or more certificates of deposit, mortgage-related securities (as such term is defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))), mortgage loans, interests in mortgage-related securities or mortgage loans, eligible bankers’ acceptances, qualified foreign government securities or securities that are direct obligations of, or that are fully guaranteed by, the United States or any agency of the United States against the transfer of funds by the transferee of such certificates of deposit, eligible bankers’ acceptances, securities, mortgage loans, or interests with a simultaneous agreement by such transferee to transfer to the transferor thereof certificates of deposit, eligible bankers’ acceptances,

securities, mortgage loans, or interests as described above, at a date certain not later than 1 year after such transfers or on demand, against the transfer of funds, or any other similar agreement;

“(BB) any combination of agreements or transactions referred to in subitems (AA) and (CC);

“(CC) any option to enter into any agreement or transaction referred to in subitem (AA) or (BB);

“(DD) a master agreement that provides for an agreement or transaction referred to in subitem (AA), (BB), or (CC), together with all supplements to any such master agreement, without regard to whether the master agreement provides for an agreement or transaction that is not a repurchase agreement under this item, except that the master agreement shall be considered to be a repurchase agreement under this item only with respect to each agreement or transaction under the master agreement that is referred to in subitem (AA), (BB), or (CC); and

“(EE) any security agreement or arrangement or other credit enhancement related to any agreement or transaction referred to in any of subitems (AA) through (DD), including any guarantee or reimbursement obligation in connection with any agreement or transaction referred to in any such subitem; and

“(bb) does not include any repurchase obligation under a participation in a commercial mortgage, loan unless the Corporation determines by regulation, resolution, or order to include any such participation within the meaning of such term.

“(II) RELATED DEFINITION.—For purposes of subclause (I)(aa), the term ‘qualified foreign government security’ means a security that is a direct obligation of, or that is fully guaranteed by, the central government of a member of the Organization for Economic Cooperation and Development (as determined by regulation or order adopted by the appropriate Federal banking authority).

“(vi) SECURITIES CONTRACT.—The term ‘securities contract’—

“(I) means—

“(aa) a contract for the purchase, sale, or loan of a security, a certificate of deposit, a mortgage loan, any interest in a mortgage loan, a group or index of securities, certificates of deposit, or mortgage loans or interests

therein (including any interest therein or based on the value thereof) or any option on any of the foregoing, including any option to purchase or sell any such security, certificate of deposit, mortgage loan, interest, group or index, or option, and including any repurchase or reverse repurchase transaction on any such security, certificate of deposit, mortgage loan, interest, group or index, or option (whether or not the repurchase or reverse repurchase transaction is a repurchase agreement);

“(bb) any option entered into on a national securities exchange relating to foreign currencies;

“(cc) the guarantee (including by novation) by or to any securities clearing agency of any settlement of cash, securities, certificates of deposit, mortgage loans or interests therein, group or index of securities, certificates of deposit, or mortgage loans or interests therein (including any interest therein or based on the value thereof) or option on any of the foregoing, including any option to purchase or sell any such security, certificate of deposit, mortgage loan, interest, group or index, or option (whether or not the settlement is in connection with any agreement or transaction referred to in any of items (aa), (bb), and (dd) through (kk));

“(dd) any margin loan;

“(ee) any extension of credit for the clearance or settlement of securities transactions;

“(ff) any loan transaction coupled with a securities collar transaction, any prepaid securities forward transaction, or any total return swap transaction coupled with a securities sale transaction;

“(gg) any other agreement or transaction that is similar to any agreement or transaction referred to in this subclause;

“(hh) any combination of the agreements or transactions referred to in this subclause;

“(ii) any option to enter into any agreement or transaction referred to in this subclause;

“(jj) a master agreement that provides for an agreement or transaction referred to in any of items (aa) through (ii), together with all supplements to any such master agreement, without regard to whether the master agreement provides for an agreement or transaction that is not a securities contract under this subclause, except that the master agreement shall be considered to be a securities contract under this subclause only with respect to each agreement or transaction under the master agreement that is referred

to in item (aa), (bb), (cc), (dd), (ee), (ff), (gg), (hh), or (ii); and

“(kk) any security agreement or arrangement or other credit enhancement related to any agreement or transaction referred to in this subclause, including any guarantee or reimbursement obligation in connection with any agreement or transaction referred to in this subclause; and

“(II) does not include any purchase, sale, or repurchase obligation under a participation in a commercial mortgage loan unless the Corporation determines by regulation, resolution, or order to include any such agreement within the meaning of such term.

“(vii) SWAP AGREEMENT.—The term ‘swap agreement’ means—

“(I) any agreement, including the terms and conditions incorporated by reference in any such agreement, that is—

“(aa) an interest rate swap, option, future, or forward agreement, including a rate floor, rate cap, rate collar, cross-currency rate swap, and basis swap;

“(bb) a spot, same day-tomorrow, tomorrow-next, forward, or other foreign exchange precious metals or other commodity agreement;

“(cc) a currency swap, option, future, or forward agreement;

“(dd) an equity index or equity swap, option, future, or forward agreement;

“(ee) a debt index or debt swap, option, future, or forward agreement;

“(ff) a total return, credit spread or credit swap, option, future, or forward agreement;

“(gg) a commodity index or commodity swap, option, future, or forward agreement;

“(hh) a weather swap, option, future, or forward agreement;

“(ii) an emissions swap, option, future, or forward agreement; or

“(jj) an inflation swap, option, future, or forward agreement;

“(II) any agreement or transaction that is similar to any other agreement or transaction referred to in this clause and that is of a type that has been, is presently, or in the future becomes, the subject of recurrent dealings in the swap or other derivatives markets (including terms and conditions incorporated by reference in such agreement) and that is a forward, swap, future, option or spot transaction on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, quantitative measures associated with an occurrence, extent of an occurrence, or

contingency associated with a financial, commercial, or economic consequence, or economic or financial indices or measures of economic or financial risk or value;

“(III) any combination of agreements or transactions referred to in this clause;

“(IV) any option to enter into any agreement or transaction referred to in this clause;

“(V) a master agreement that provides for an agreement or transaction referred to in any of subclauses (I) through (IV), together with all supplements to any such master agreement, without regard to whether the master agreement contains an agreement or transaction that is not a swap agreement under this clause, except that the master agreement shall be considered to be a swap agreement under this clause only with respect to each agreement or transaction under the master agreement that is referred to in subclause (I), (II), (III), or (IV); and

“(VI) any security agreement or arrangement or other credit enhancement related to any agreements or transactions referred to in any of subclauses (I) through (V), including any guarantee or reimbursement obligation in connection with any agreement or transaction referred to in any such subclause.

“(viii) TRANSFER.—The term ‘transfer’ means every mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing of or parting with property or with an interest in property, including retention of title as a security interest and foreclosure of the equity of redemption of a System institution.

“(ix) TREATMENT OF MASTER AGREEMENT AS 1 AGREEMENT.—For purposes of this subparagraph—

“(I) any master agreement for any contract or agreement described in this subparagraph (or any master agreement for such a master agreement or agreements), together with all supplements to the master agreement, shall be treated as a single agreement and a single qualified financial contract; and

“(II) if a master agreement contains provisions relating to agreements or transactions that are not qualified financial contracts, the master agreement shall be deemed to be a qualified financial contract only with respect to those transactions that are themselves qualified financial contracts.

“(B) RIGHTS OF PARTIES TO CONTRACTS.—Subject to paragraphs (9) and (10), and notwithstanding any other provision of this Act (other than subsection (b)(9) and section 5.61(d)) or any other Federal or State law, no person shall be stayed or prohibited from exercising—

“(i) any right such person has to cause the termination, liquidation, or acceleration of any qualified financial contract with a System institution which arises upon the appointment of the Corporation as

receiver for such System institution at any time after such appointment;

“(ii) any right under any security agreement or arrangement or other credit enhancement related to one or more qualified financial contracts described in clause (i); or

“(iii) any right to offset or net out any termination value, payment amount, or other transfer obligation arising under, or in connection with, 1 or more contracts and agreements described in clause (i), including any master agreement for such contracts or agreements.

“(C) APPLICABILITY OF OTHER PROVISIONS.—Subsection (b)(12) shall apply in the case of any judicial action or proceeding brought against any receiver referred to in subparagraph (A), or the System institution for which such receiver was appointed, by any party to a contract or agreement described in subparagraph (B)(i) with such System institution.

“(D) CERTAIN TRANSFERS NOT AVOIDABLE.—

“(i) IN GENERAL.—Notwithstanding paragraph (11) or any other Federal or State law relating to the avoidance of preferential or fraudulent transfers, the Corporation, whether acting as such or as conservator or receiver of a System institution, may not avoid any transfer of money or other property in connection with any qualified financial contract with a System institution.

“(ii) EXCEPTION FOR CERTAIN TRANSFERS.—Clause (i) shall not apply to any transfer of money or other property in connection with any qualified financial contract with a System institution if the Corporation determines that the transferee had actual intent to hinder, delay, or defraud such System institution, the creditors of such System institution, or any conservator or receiver appointed for such System institution.

“(E) CERTAIN PROTECTIONS IN EVENT OF APPOINTMENT OF CONSERVATOR.—Notwithstanding any other provision of this Act (other than subparagraph (G), paragraph (10), subsection (b)(9), and section 5.61(d)) or any other Federal or State law, no person shall be stayed or prohibited from exercising—

“(i) any right such person has to cause the termination, liquidation, or acceleration of any qualified financial contract with a System institution in a conservatorship based upon a default under such financial contract which is enforceable under applicable non-insolvency law;

“(ii) any right under any security agreement or arrangement or other credit enhancement related to one or more qualified financial contracts described in clause (i); and

“(iii) any right to offset or net out any termination values, payment amounts, or other transfer obligations arising under or in connection with such qualified financial contracts.

“(F) CLARIFICATION.—No provision of law shall be construed as limiting the right or power of the Corporation, or authorizing any court or agency to limit or delay, in any manner, the right or power of the Corporation to transfer any qualified financial contract in accordance with paragraphs (9) and (10) or to disaffirm or repudiate any such contract in accordance with paragraph (1).

“(G) WALKAWAY CLAUSES NOT EFFECTIVE.—

“(i) DEFINITION OF WALKAWAY CLAUSE.—In this subparagraph, the term ‘walkaway clause’ means any provision in a qualified financial contract that suspends, conditions, or extinguishes a payment obligation of a party, in whole or in part, or does not create a payment obligation of a party that would otherwise exist—

“(I) solely because of—

“(aa) the status of the party as a non-defaulting party in connection with the insolvency of a System institution that is a party to the contract; or

“(bb) the appointment of, or the exercise of rights or powers by, the Corporation as a conservator or receiver of the System institution; and

“(II) not as a result of the exercise by a party of any right to offset, setoff, or net obligations that exist under—

“(aa) the contract;

“(bb) any other contract between those parties; or

“(cc) applicable law.

“(ii) TREATMENT.—Notwithstanding the provisions of subparagraphs (B) and (E), no walkaway clause shall be enforceable in a qualified financial contract of a System institution in default.

“(iii) LIMITED SUSPENSION OF CERTAIN OBLIGATIONS.—In the case of a qualified financial contract referred to in clause (ii), any payment or delivery obligations otherwise due from a party pursuant to the qualified financial contract shall be suspended from the time the receiver is appointed until the earlier of—

“(I) the time such party receives notice that such contract has been transferred pursuant to subparagraph (B); or

“(II) 5:00 p.m. (eastern time) on the business day following the date of the appointment of the receiver.

“(H) RECORDKEEPING REQUIREMENTS.—The Corporation, in consultation with the Farm Credit Administration, may prescribe regulations requiring more detailed recordkeeping by any System institution with respect to qualified financial contracts (including market valuations), only if such System institution is subject to subclause (I), (III), or (IV) of section 5.61B(a)(1)(A)(ii).

“(9) TRANSFER OF QUALIFIED FINANCIAL CONTRACTS.—

“(A) DEFINITIONS.—In this paragraph:

“(i) CLEARING ORGANIZATION.—The term ‘clearing organization’ has the meaning given the term in section 402 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 4402).

“(ii) FINANCIAL INSTITUTION.—The term ‘financial institution’ means a System institution, a broker or dealer, a depository institution, a futures commission merchant, or any other institution, as determined by the Corporation by regulation to be a financial institution.

“(B) REQUIREMENT.—In making any transfer of assets or liabilities of a System institution in default which includes any qualified financial contract, the conservator or receiver for such System institution shall either—

“(i) transfer to one financial institution, other than a financial institution for which a conservator, receiver, trustee in bankruptcy, or other legal custodian has been appointed, or that is otherwise the subject of a bankruptcy or insolvency proceeding—

“(I) all qualified financial contracts between any person or any affiliate of such person and the System institution in default;

“(II) all claims of such person or any affiliate of such person against such System institution under any such contract (other than any claim which, under the terms of any such contract, is subordinated to the claims of general unsecured creditors of such System institution);

“(III) all claims of such System institution against such person or any affiliate of such person under any such contract; and

“(IV) all property securing or any other credit enhancement for any contract described in subclause (I) or any claim described in subclause (II) or (III) under any such contract; or

“(ii) transfer none of the qualified financial contracts, claims, property or other credit enhancement referred to in clause (i) (with respect to such person and any affiliate of such person).

“(C) TRANSFER TO FOREIGN BANK, FOREIGN FINANCIAL INSTITUTION, OR BRANCH OR AGENCY OF A FOREIGN BANK OR FINANCIAL INSTITUTION.—In transferring any qualified financial contracts and related claims and property under subparagraph (B)(i), the conservator or receiver for the System institution shall not make such transfer to a foreign bank, financial institution organized under the laws of a foreign country, or a branch or agency of a foreign bank or financial institution unless, under the law applicable to such bank, financial institution, branch or agency, to the qualified financial contracts, and to any netting contract, any security agreement or arrangement or other credit enhancement related to one or more qualified financial contracts, the contractual rights of the parties to such qualified financial contracts, netting contracts, security agreements or arrangements, or other credit enhancements are enforceable substantially to the same extent as permitted under this section.

“(D) TRANSFER OF CONTRACTS SUBJECT TO THE RULES OF A CLEARING ORGANIZATION.—In the event that a conservator or receiver transfers any qualified financial contract and related claims, property, and credit enhancements pursuant to subparagraph (B)(i) and such contract is cleared by or subject to the rules of a clearing organization, the clearing organization shall not be required to accept the transferee as a member by virtue of the transfer.

“(10) NOTIFICATION OF TRANSFER.—

“(A) DEFINITION OF BUSINESS DAY.—In this paragraph, the term ‘business day’ means any day other than any Saturday, Sunday, or any day on which either the New York Stock Exchange or the Federal Reserve Bank of New York is closed.

“(B) NOTIFICATION.—If—

“(i) the conservator or receiver for a System institution in default makes any transfer of the assets and liabilities of such System institution; and

“(ii) the transfer includes any qualified financial contract, the conservator or receiver shall notify any person who is a party to any such contract of such transfer by 5:00 p.m. (eastern time) on the business day following the date of the appointment of the receiver in the case of a receivership, or the business day following such transfer in the case of a conservatorship.

“(C) CERTAIN RIGHTS NOT ENFORCEABLE.—

“(i) RECEIVERSHIP.—A person who is a party to a qualified financial contract with a System institution may not exercise any right that such person has to terminate, liquidate, or net such contract under paragraph (8)(B) of this subsection, solely by reason of or incidental to the appointment of a receiver for the System institution (or the insolvency or financial condition of the System institution for which the receiver has been appointed)—

“(I) until 5:00 p.m. (eastern time) on the business day following the date of the appointment of the receiver; or

“(II) after the person has received notice that the contract has been transferred pursuant to paragraph (9)(B).

“(ii) CONSERVATORSHIP.—A person who is a party to a qualified financial contract with a System institution may not exercise any right that such person has to terminate, liquidate, or net such contract under paragraph (8)(E) of this subsection, solely by reason of or incidental to the appointment of a conservator for the System institution (or the insolvency or financial condition of the System institution for which the conservator has been appointed).

“(iii) NOTICE.—For purposes of this paragraph, the Corporation as receiver or conservator of a System institution shall be deemed to have notified a person who is a party to a qualified financial contract with such System institution if the Corporation has taken

steps reasonably calculated to provide notice to such person by the time specified in subparagraph (B).

“(D) TREATMENT OF BRIDGE SYSTEM INSTITUTIONS.—The following System institutions shall not be considered to be a financial institution for which a conservator, receiver, trustee in bankruptcy, or other legal custodian has been appointed or which is otherwise the subject of a bankruptcy or insolvency proceeding for purposes of paragraph (9):

“(i) A bridge System bank.

“(ii) A System institution organized by the Corporation or the Farm Credit Administration, for which a conservator is appointed either—

“(I) immediately upon the organization of the System institution; or

“(II) at the time of a purchase and assumption transaction between the System institution and the Corporation as receiver for a System institution in default.

“(11) DISAFFIRMANCE OR REPUDIATION OF QUALIFIED FINANCIAL CONTRACTS.—In exercising the rights of disaffirmance or repudiation of a conservator or receiver with respect to any qualified financial contract to which a System institution is a party, the conservator or receiver for such System institution shall either—

“(A) disaffirm or repudiate all qualified financial contracts between—

“(i) any person or any affiliate of such person; and

“(ii) the System institution in default; or

“(B) disaffirm or repudiate none of the qualified financial contracts referred to in subparagraph (A) (with respect to such person or any affiliate of such person).

“(12) CERTAIN SECURITY INTERESTS NOT AVOIDABLE.—No provision of this subsection shall be construed as permitting the avoidance of any legally enforceable or perfected security interest in any of the assets of any System institution except where such an interest is taken in contemplation of the System institution’s insolvency or with the intent to hinder, delay, or defraud the System institution or the creditors of such System institution.

“(13) AUTHORITY TO ENFORCE CONTRACTS.—

“(A) IN GENERAL.—The conservator or receiver may enforce any contract, other than a director’s or officer’s liability insurance contract or a System institution bond, entered into by the System institution notwithstanding any provision of the contract providing for termination, default, acceleration, or exercise of rights upon, or solely by reason of, insolvency or the appointment of or the exercise of rights or powers by a conservator or receiver.

“(B) CERTAIN RIGHTS NOT AFFECTED.—No provision of this paragraph may be construed as impairing or affecting any right of the conservator or receiver to enforce or recover under a director’s or officer’s liability insurance contract or institution bond under other applicable law.

“(C) CONSENT REQUIREMENT.—

“(i) IN GENERAL.—Except as otherwise provided by this section, no person may exercise any right or power to terminate, accelerate, or declare a default under any contract to which the System institution is a party, or to obtain possession of or exercise control over any property of the System institution or affect any contractual rights of the System institution, without the consent of the conservator or receiver, as appropriate, during the 45-day period beginning on the date of the appointment of the conservator, or during the 90-day period beginning on the date of the appointment of the receiver, as applicable.

“(ii) CERTAIN EXCEPTIONS.—No provision of this subparagraph shall apply to a director or officer liability insurance contract or an institution bond, to the rights of parties to certain qualified financial contracts pursuant to paragraph (8), or shall be construed as permitting the conservator or receiver to fail to comply with otherwise enforceable provisions of such contract.

“(14) EXCEPTION FOR FEDERAL RESERVE AND THE UNITED STATES TREASURY.—No provision of this subsection shall apply with respect to—

“(A) any extension of credit from any Federal Reserve bank or the United States Treasury to any System institution; or

“(B) any security interest in the assets of the System institution securing any such extension of credit.

“(15) SAVINGS CLAUSE.—The meanings of terms used in this subsection—

“(A) are applicable for purposes of this subsection only; and

“(B) shall not be construed or applied so as to challenge or affect the characterization, definition, or treatment of any similar terms under any other law, regulation, or rule, including—

“(i) the Gramm-Leach-Bliley Act (12 U.S.C. 1811 note; Public Law 106-102);

“(ii) the Legal Certainty for Bank Products Act of 2000 (7 U.S.C. 27 et seq.);

“(iii) the securities laws (as that term is defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))); and

“(iv) the Commodity Exchange Act (7 U.S.C. 1 et seq.).

“(d) VALUATION OF CLAIMS IN DEFAULT.—

“(1) IN GENERAL.—Notwithstanding any other provision of Federal law or the law of any State and regardless of the method which the Corporation determines to utilize with respect to a System institution in default or in danger of default, including transactions authorized under subsection (h) and section 5.61(a), this subsection shall govern the rights of the creditors of such System institution.

“(2) MAXIMUM LIABILITY.—The maximum liability of the Corporation, acting as receiver or in any other capacity, to any person having a claim against the receiver or the System institution for which such receiver is appointed shall equal

the amount such claimant would have received if the Corporation had liquidated the assets and liabilities of such System institution without exercising the Corporation's authority under subsection (h) or section 5.61(a).

“(3) ADDITIONAL PAYMENTS AUTHORIZED.—

“(A) IN GENERAL.—The Corporation may, in its discretion and in the interests of minimizing its losses, use its own resources to make additional payments or credit additional amounts to or with respect to or for the account of any claimant or category of claimants. Notwithstanding any other provision of Federal or State law, or the constitution of any State, the Corporation shall not be obligated, as a result of having made any such payment or credited any such amount to or with respect to or for the account of any claimant or category of claimants, to make payments to any other claimant or category of claimants.

“(B) MANNER OF PAYMENT.—The Corporation may make the payments or credit the amounts specified in subparagraph (A) directly to the claimants or may make such payments or credit such amounts to an open System institution to induce such System institution to accept liability for such claims.

“(e) LIMITATION ON COURT ACTION.—Except as provided in this section, no court may take any action, except at the written request of the Board of Directors, to restrain or affect the exercise of powers or functions of the Corporation as a conservator or a receiver.

“(f) LIABILITY OF DIRECTORS AND OFFICERS.—

“(1) IN GENERAL.—A director or officer of a System institution may be held personally liable for monetary damages in any civil action—

“(A) brought by, on behalf of, or at the request or direction of the Corporation;

“(B) prosecuted wholly or partially for the benefit of the Corporation—

“(i) acting as conservator or receiver of that System institution;

“(ii) acting based on a suit, claim, or cause of action purchased from, assigned by, or otherwise conveyed by that receiver or conservator; or

“(iii) acting based on a suit, claim, or cause of action purchased from, assigned by, or otherwise conveyed in whole or in part by a System institution or an affiliate of a System institution in connection with assistance provided under section 5.61(a); and

“(C) for, as determined under the applicable State law—

“(i) gross negligence; or

“(ii) any similar conduct, including conduct that demonstrates a greater disregard of a duty of care than gross negligence, such as intentional tortious conduct.

“(2) EFFECT.—Nothing in paragraph (1) impairs or affects any right of the Corporation under any other applicable law.

“(g) DAMAGES.—In any proceeding related to any claim against a System institution's director, officer, employee, agent, attorney, accountant, appraiser, or any other party employed by or providing

services to a System institution, recoverable damages determined to result from the improvident or otherwise improper use or investment of any System institution's assets shall include principal losses and appropriate interest.

“(h) BRIDGE FARM CREDIT SYSTEM BANKS.—

“(1) ORGANIZATION.—

“(A) PURPOSE.—

“(i) IN GENERAL.—When 1 or more System banks are in default, or when the Corporation anticipates that 1 or more System banks may become in default, the Corporation may, in its discretion, organize, and the Farm Credit Administration may, in its discretion, charter, 1 or more System banks, with the powers and attributes of System banks, subject to the provisions of this subsection, to be referred to as ‘bridge System banks’.

“(ii) INTENT OF CONGRESS.—It is the intent of the Congress that, in order to prevent unnecessary hardship or losses to the customers of any System bank in default with respect to which a bridge System bank is chartered, the Corporation should—

“(I) continue to honor commitments made by the System bank in default to creditworthy customers; and

“(II) not interrupt or terminate adequately secured loans which are transferred under this subsection and are being repaid by the debtor in accordance with the terms of the loan instrument.

“(B) AUTHORITIES.—Once chartered by the Farm Credit Administration, the bridge System bank may—

“(i) assume such liabilities of the System bank or banks in default or in danger of default as the Corporation may, in its discretion, determine to be appropriate;

“(ii) purchase such assets of the System bank or banks in default or in danger of default as the Corporation may, in its discretion, determine to be appropriate; and

“(iii) perform any other temporary function which the Corporation may, in its discretion, prescribe in accordance with this Act.

“(C) ARTICLES OF ASSOCIATION.—The articles of association and organization certificate of a bridge System bank as approved by the Corporation shall be executed by 3 representatives designated by the Corporation.

“(D) INTERIM DIRECTORS.—A bridge System bank shall have an interim board of directors consisting of not fewer than 5 nor more than 10 members appointed by the Corporation.

“(2) CHARTERING.—

“(A) CONDITIONS.—The Farm Credit Administration may charter a bridge System bank only if the Board of Directors determines that—

“(i) the amount which is reasonably necessary to operate such bridge System bank will not exceed the amount which is reasonably necessary to save the cost of liquidating 1 or more System banks in default or

in danger of default with respect to which the bridge System bank is chartered;

“(ii) the continued operation of such System bank or banks in default or in danger of default with respect to which the bridge System bank is chartered is essential to provide adequate farm credit services in the 1 or more communities where each such System bank in default or in danger of default is or was providing those farm credit services; or

“(iii) the continued operation of such System bank or banks in default or in danger of default with respect to which the bridge System bank is chartered is in the best interest of the Farm Credit System or the public.

“(B) BRIDGE SYSTEM BANK TREATED AS BEING IN DEFAULT FOR CERTAIN PURPOSES.—A bridge System bank shall be treated as being in default at such times and for such purposes as the Corporation may, in its discretion, determine.

“(C) MANAGEMENT.—A bridge System bank, upon the granting of its charter, shall be under the management of a board of directors consisting of not fewer than 5 nor more than 10 members appointed by the Corporation, in consultation with the Farm Credit Administration.

“(D) BYLAWS.—The board of directors of a bridge System bank shall adopt such bylaws as may be approved by the Corporation.

“(3) TRANSFER OF ASSETS AND LIABILITIES.—

“(A) TRANSFER UPON GRANT OF CHARTER.—Upon the granting of a charter to a bridge System bank pursuant to this subsection, the Corporation, as receiver, may transfer any assets and liabilities of the System bank to the bridge System bank in accordance with paragraph (1).

“(B) SUBSEQUENT TRANSFERS.—At any time after a charter is granted to a bridge System bank, the Corporation, as receiver, may transfer any assets and liabilities of such System bank in default as the Corporation may, in its discretion, determine to be appropriate in accordance with paragraph (1).

“(C) EFFECTIVE WITHOUT APPROVAL.—The transfer of any assets or liabilities of a System bank in default or danger of default transferred to a bridge System bank shall be effective without any further approval under Federal or State law, assignment, or consent with respect thereto.

“(4) POWERS OF BRIDGE SYSTEM BANKS.—Each bridge System bank chartered under this subsection shall, to the extent described in the charter of the System bank in default with respect to which the bridge System bank is chartered, have all corporate powers of, and be subject to the same provisions of law as, any System bank, except that—

“(A) the Corporation may—

“(i) remove the interim directors and directors of a bridge System bank;

“(ii) fix the compensation of members of the interim board of directors and the board of directors and senior

management, as determined by the Corporation in its discretion, of a bridge System bank; and

“(iii) waive any requirement established under Federal or State law which would otherwise be applicable with respect to directors of a bridge System bank, on the condition that the waiver of any requirement established by the Farm Credit Administration shall require the concurrence of the Farm Credit Administration;

“(B) the Corporation may indemnify the representatives for purposes of paragraph (1)(B) and the interim directors, directors, officers, employees, and agents of a bridge System bank on such terms as the Corporation determines to be appropriate;

“(C) no requirement under any provision of law relating to the capital of a System institution shall apply with respect to a bridge System bank;

“(D) the Farm Credit Administration Board may establish a limitation on the extent to which any person may become indebted to a bridge System bank without regard to the amount of the bridge System bank’s capital or surplus;

“(E)(i) the board of directors of a bridge System bank shall elect a chairperson who may also serve in the position of chief executive officer, except that such person shall not serve either as chairperson or as chief executive officer without the prior approval of the Corporation; and

“(ii) the board of directors of a bridge System bank may appoint a chief executive officer who is not also the chairperson, except that such person shall not serve as chief executive officer without the prior approval of the Corporation;

“(F) the Farm Credit Administration may waive any requirement for a fidelity bond with respect to a bridge System bank at the request of the Corporation;

“(G) any judicial action to which a bridge System bank becomes a party by virtue of its acquisition of any assets or assumption of any liabilities of a System bank in default shall be stayed from further proceedings for a period of up to 45 days at the request of the bridge System bank;

“(H) no agreement which tends to diminish or defeat the right, title or interest of a bridge System bank in any asset of a System bank in default acquired by it shall be valid against the bridge System bank unless such agreement—

“(i) is in writing;

“(ii) was executed by such System bank in default and the person or persons claiming an adverse interest thereunder, including the obligor, contemporaneously with the acquisition of the asset by such System bank in default;

“(iii) was approved by the board of directors of such System bank in default or its loan committee, which approval shall be reflected in the minutes of said board or committee; and

“(iv) has been, continuously from the time of its execution, an official record of such System bank in default;

“(I) notwithstanding subsection 5.61(d)(2), any agreement relating to an extension of credit between a System bank, Federal Reserve bank, or the United States Treasury and any System institution which was executed before the extension of credit by such lender to such System institution shall be treated as having been executed contemporaneously with such extension of credit for purposes of subparagraph (H); and

“(J) except with the prior approval of the Corporation and the concurrence of the Farm Credit Administration, a bridge System bank may not, in any transaction or series of transactions, issue capital stock or be a party to any merger, consolidation, disposition of substantially all of the assets or liabilities of the bridge System bank, sale or exchange of capital stock, or similar transaction, or change its charter.

“(5) CAPITAL.—

“(A) NO CAPITAL REQUIRED.—The Corporation shall not be required to—

“(i) issue any capital stock on behalf of a bridge System bank chartered under this subsection; or

“(ii) purchase any capital stock of a bridge System bank, except that notwithstanding any other provision of Federal or State law, the Corporation may purchase and retain capital stock of a bridge System bank in such amounts and on such terms as the Corporation, in its discretion, determines to be appropriate.

“(B) OPERATING FUNDS IN LIEU OF CAPITAL.—Upon the organization of a bridge System bank, and thereafter, as the Corporation may, in its discretion, determine to be necessary or advisable, the Corporation may make available to the bridge System bank, upon such terms and conditions and in such form and amounts as the Corporation may in its discretion determine, funds for the operation of the bridge System bank in lieu of capital.

“(C) AUTHORITY TO ISSUE CAPITAL STOCK.—Whenever the Farm Credit Administration Board determines it is advisable to do so, the Corporation shall cause capital stock of a bridge System bank to be issued and offered for sale in such amounts and on such terms and conditions as the Corporation may, in its discretion, determine.

“(6) EMPLOYEE STATUS.—Representatives for purposes of paragraph (1)(C), interim directors, directors, officers, employees, or agents of a bridge System bank are not, solely by virtue of service in any such capacity, officers or employees of the United States. Any employee of the Corporation, the Farm Credit Administration, or any Federal instrumentality who serves at the request of the Corporation as a representative for purposes of paragraph (1)(C), interim director, director, officer, employee, or agent of a bridge System bank shall not—

“(A) solely by virtue of service in any such capacity lose any existing status as an officer or employee of the United States for purposes of any provision of law; or

“(B) receive any salary or benefits for service in any such capacity with respect to a bridge System bank in addition to such salary or benefits as are obtained through employment with the Corporation or such Federal instrumentality.

“(7) ASSISTANCE AUTHORIZED.—The Corporation may, in its discretion, provide assistance under section 5.61(a) to facilitate any merger or consolidation of a bridge System bank in the same manner and to the same extent as such assistance may be provided to a qualifying insured System bank (as defined in section 5.61(a)(2)(B)) or to facilitate a bridge System bank’s acquisition of any assets or the assumption of any liabilities of a System bank in default or in danger of default.

“(8) DURATION OF BRIDGE SYSTEM BANKS.—Subject to paragraphs (10) and (11), the status of a bridge System bank as such shall terminate at the end of the 2-year period following the date it was granted a charter. The Farm Credit Administration Board may, in its discretion, extend the status of the bridge System bank as such for 3 additional 1-year periods.

“(9) TERMINATION OF BRIDGE SYSTEM BANKS STATUS.—The status of any bridge System bank as such shall terminate upon the earliest of—

“(A) the merger or consolidation of the bridge System bank with a System institution that is not a bridge System bank, on the condition that the merger or consolidation shall be subject to the approval of the Farm Credit Administration;

“(B) at the election of the Corporation and with the approval of the Farm Credit Administration, the sale of a majority or all of the capital stock of the bridge System bank to a System institution or another bridge System bank;

“(C) at the election of the Corporation, and with the approval of the Farm Credit Administration, either the assumption of all or substantially all of the liabilities of the bridge System bank, or the acquisition of all or substantially all of the assets of the bridge System bank, by a System institution that is not a bridge System bank or other entity as permitted under applicable law; and

“(D) the expiration of the period provided in paragraph (8), or the earlier dissolution of the bridge System bank as provided in paragraph (11).

“(10) EFFECT OF TERMINATION EVENTS.—

“(A) MERGER OR CONSOLIDATION.—A bridge System bank that participates in a merger or consolidation as provided in paragraph (9)(A) shall be for all purposes a System institution, with all the rights, powers, and privileges thereof, and such merger or consolidation shall be conducted in accordance with, and shall have the effect provided in, the provisions of applicable law.

“(B) CHARTER CONVERSION.—Following the sale of a majority or all of the capital stock of the bridge System bank as provided in paragraph (9)(B), the Farm Credit Administration Board may amend the charter of the bridge System bank to reflect the termination of the status of the bridge System bank as such, whereupon the System bank shall remain a System bank, with all of the rights,

powers, and privileges thereof, subject to all laws and regulations applicable thereto.

“(C) ASSUMPTION OF LIABILITIES AND SALE OF ASSETS.—Following the assumption of all or substantially all of the liabilities of the bridge System bank, or the sale of all or substantially all of the assets of the bridge System bank, as provided in paragraph (9)(C), at the election of the Corporation, the bridge System bank may retain its status as such for the period provided in paragraph (8).

“(D) AMENDMENTS TO CHARTER.—Following the consummation of a transaction described in subparagraph (A), (B), or (C) of paragraph (9), the charter of the resulting System institution shall be amended by the Farm Credit Administration to reflect the termination of bridge System bank status, if appropriate.

“(11) DISSOLUTION OF BRIDGE SYSTEM BANK.—

“(A) IN GENERAL.—Notwithstanding any other provision of State or Federal law, if the bridge System bank’s status as such has not previously been terminated by the occurrence of an event specified in subparagraph (A), (B), or (C) of paragraph (9)—

“(i) the Corporation, after consultation with the Farm Credit Administration, may, in its discretion, dissolve a bridge System bank in accordance with this paragraph at any time; and

“(ii) the Corporation, after consultation with the Farm Credit Administration, shall promptly commence dissolution proceedings in accordance with this paragraph upon the expiration of the 2-year period following the date the bridge System bank was chartered, or any extension thereof, as provided in paragraph (8).

“(B) PROCEDURES.—The Farm Credit Administration Board shall appoint the Corporation as receiver for a bridge System bank upon determining to dissolve the bridge System bank. The Corporation as such receiver shall wind up the affairs of the bridge System bank in conformity with the provisions of law relating to the liquidation of closed System banks. With respect to any such bridge System bank, the Corporation as such receiver shall have all the rights, powers, and privileges and shall perform the duties related to the exercise of such rights, powers, or privileges granted by law to a receiver of any insured System bank and, notwithstanding any other provision of law in the exercise of such rights, powers, and privileges, the Corporation shall not be subject to the direction or supervision of any State agency or other Federal agency.

“(12) MULTIPLE BRIDGE SYSTEM BANKS.—The Corporation may, in the Corporation’s discretion, organize, and the Farm Credit Administration may, in its discretion, charter, 2 or more bridge System banks under this subsection to assume any liabilities and purchase any assets of a single System institution in default.

“(i) CERTAIN SALES OF ASSETS PROHIBITED.—

“(1) PERSONS WHO ENGAGED IN IMPROPER CONDUCT WITH, OR CAUSED LOSSES TO, SYSTEM INSTITUTIONS.—The Corporation shall prescribe regulations which, at a minimum, shall prohibit

the sale of assets of a failed System institution by the Corporation to—

“(A) any person who—

“(i) has defaulted, or was a member of a partnership or an officer or director of a corporation that has defaulted, on 1 or more obligations the aggregate amount of which exceed \$1,000,000, to such failed System institution;

“(ii) has been found to have engaged in fraudulent activity in connection with any obligation referred to in clause (i); and

“(iii) proposes to purchase any such asset in whole or in part through the use of the proceeds of a loan or advance of credit from the Corporation or from any System institution for which the Corporation has been appointed as conservator or receiver;

“(B) any person who participated, as an officer or director of such failed System institution or of any affiliate of such System institution, in a material way in transactions that resulted in a substantial loss to such failed System institution;

“(C) any person who has been removed from, or prohibited from participating in the affairs of, such failed System institution pursuant to any final enforcement action by the Farm Credit Administration;

“(D) any person who has demonstrated a pattern or practice of defalcation regarding obligations to such failed System institution; or

“(E) any person who is in default on any loan or other extension of credit from such failed System institution which, if not paid, will cause substantial loss to the System institution or the Corporation.

“(2) DEFAULTED DEBTORS.—Except as provided in paragraph (3), any person who is in default on any loan or other extension of credit from the System institution, which, if not paid, will cause substantial loss to the System institution or the Corporation, may not purchase any asset from the conservator or receiver.

“(3) SETTLEMENT OF CLAIMS.—Paragraph (1) shall not apply to the sale or transfer by the Corporation of any asset of any System institution to any person if the sale or transfer of the asset resolves or settles, or is part of the resolution or settlement, of—

“(A) 1 or more claims that have been, or could have been, asserted by the Corporation against the person; or

“(B) obligations owed by the person to any System institution, or the Corporation.

“(4) DEFINITION OF DEFAULT.—For purposes of this subsection, the term ‘default’ means a failure to comply with the terms of a loan or other obligation to such an extent that the property securing the obligation is foreclosed upon.

“(j) EXPEDITED PROCEDURES FOR CERTAIN CLAIMS.—

“(1) TIME FOR FILING NOTICE OF APPEAL.—The notice of appeal of any order, whether interlocutory or final, entered in any case brought by the Corporation against a System institution’s director, officer, employee, agent, attorney, accountant, or appraiser or any other person employed by or

providing services to a System institution shall be filed not later than 30 days after the date of entry of the order. The hearing of the appeal shall be held not later than 120 days after the date of the notice of appeal. The appeal shall be decided not later than 180 days after the date of the notice of appeal.

“(2) SCHEDULING.—A court of the United States shall expedite the consideration of any case brought by the Corporation against a System institution’s director, officer, employee, agent, attorney, accountant, or appraiser or any other person employed by or providing services to a System institution. As far as practicable the court shall give such case priority on its docket.

“(3) JUDICIAL DISCRETION.—The court may modify the schedule and limitations stated in paragraphs (1) and (2) in a particular case, based on a specific finding that the ends of justice that would be served by making such a modification would outweigh the best interest of the public in having the case resolved expeditiously.

“(k) BOND NOT REQUIRED; AGENTS; FEE.—The Corporation as conservator or receiver of a System institution shall not be required to furnish bond and may appoint an agent or agents to assist in its duties as such conservator or receiver. All fees, compensation, and expenses of liquidation and administration shall be fixed by the Corporation and may be paid by it out of funds coming into its possession as such conservator or receiver.

“(l) CONSULTATION REGARDING CONSERVATORSHIPS AND RECEIVERSHIPS.—To the extent practicable—

“(1) the Farm Credit Administration shall consult with the Corporation prior to taking a preresolution action concerning a System institution that may result in a conservatorship or receivership; and

“(2) the Corporation, acting in the capacity of the Corporation as a conservator or receiver, shall consult with the Farm Credit Administration prior to taking any significant action impacting System institutions or service to System borrowers.

“(m) APPLICABILITY.—This section shall become applicable with respect to the power of the Corporation to act as a conservator or receiver on the date on which the Farm Credit Administration appoints the Corporation as a conservator or receiver under section 4.12 or 8.41.”.

7 USC 2008w.

SEC. 5413. REPORTING.

(a) DEFINITION OF FARM LOAN.—In this section, the term “farm loan” means—

(1) a farm ownership loan under subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 et seq.); and

(2) an operating loan under subtitle B of that Act (7 U.S.C. 1941 et seq.).

(b) REPORTS.—

(1) PREPARATION.—For each fiscal year, the Secretary shall prepare a report that includes—

(A) aggregate data based on a review of each outstanding farm loan made or guaranteed by the Secretary describing, for the United States and for each State and county in the United States—

(i) the age of the recipient producer;

- (ii) the duration that the recipient producer has engaged in agricultural production;
- (iii) the size of the farm or ranch of the recipient producer;
- (iv) the race, ethnicity, and gender of the recipient producer;
- (v) the agricultural commodity or commodities, or type of enterprise, for which the loan was secured;
- (vi) the amount of the farm loan made or guaranteed;
- (vii) the type of the farm loan made or guaranteed; and
- (viii) the default rate of the farm loan made or guaranteed;

(B) for each State and county in the United States, data demonstrating the number of outstanding farm loans made or guaranteed, according to loan size cohort; and

(C) an assessment of actual loans made or guaranteed as measured against target participation rates for beginning and socially disadvantaged farmers, broken down by State, as described in sections 346(b)(2) and 355 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(2), 2003).

(2) SUBMISSION OF REPORT.—The report described in paragraph (1) shall be—

(A) submitted—

(i) to—

(I) the Committee on Agriculture of the House of Representatives;

(II) the Committee on Appropriations of the House of Representatives;

(III) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

(IV) the Committee on Appropriations of the Senate; and

(ii) not later than December 30, 2019, and annually thereafter; and

(B) made publicly available not later than 90 days after the date described in subparagraph (A)(ii).

(c) COMPREHENSIVE REVIEW.—

(1) IN GENERAL.—Not later than 4 years after the date of enactment of this Act (and every 5 years thereafter), the Secretary shall—

(A) prepare a comprehensive review of all reports submitted under subsection (b)(2);

(B) identify trends within data outlined in subsection (b)(1), including the extent to which target annual participation rates for beginning and socially disadvantaged farmers (as defined by the Secretary) are being met for each loan type; and

(C) provide specific actions the Department will take to improve the performance of direct and guaranteed loans with respect to underserved producers and any recommendations the Secretary may make for further congressional action.

(2) SUBMISSION OF COMPREHENSIVE REVIEW.—The comprehensive review described in paragraph (1) shall be—

(A) submitted to—

(i) the Committee on Agriculture of the House of Representatives;

(ii) the Committee on Appropriations of the House of Representatives;

(iii) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

(iv) the Committee on Appropriations of the Senate; and

(B) made publicly available not later than 90 days after the date of submission under subparagraph (A).

(d) **PRIVACY.**—In preparing any report or review under this section, the Secretary shall aggregate or de-identify the data in a manner sufficient to ensure that the identity of a recipient producer associated with the data cannot be ascertained.

SEC. 5414. STUDY ON LOAN RISK.

(a) **STUDY.**—The Farm Credit Administration shall conduct a study that—

(1) analyzes and compares the financial risks inherent in loans made, held, securitized, or purchased by Farm Credit banks, associations, and the Federal Agricultural Mortgage Corporation and how such risks are required to be capitalized under statute and regulations in effect as of the date of the enactment of this Act; and

(2) assesses the feasibility of increasing the acreage exception provided in section 8.8(c)(2) of the Farm Credit Act of 1971 to 2,000 acres.

(b) **TIMELINE.**—The Farm Credit Administration shall provide the results of the study required by subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate no later than 180 days after the date of the enactment of this Act.

SEC. 5415. GAO REPORT ON ABILITY OF THE FARM CREDIT SYSTEM TO MEET THE AGRICULTURAL CREDIT NEEDS OF INDIAN TRIBES AND THEIR MEMBERS.

(a) **IN GENERAL.**—The Comptroller General of the United States shall—

(1) study the agricultural credit needs of farms, ranches, and related agricultural businesses that are owned or operated by—

(A) Indian tribes on tribal lands; or

(B) enrolled members of Indian tribes on Indian allotments; and

(2) determine whether the institutions of the Farm Credit System have sufficient authority and resources to meet the needs.

(b) **DEFINITION OF INDIAN TRIBE.**—In subsection (a), the term “Indian tribe” means an Indian tribal entity that is eligible for funding and services from the Bureau of Indian Affairs by virtue of the status of the entity as an Indian tribe.

(c) **REPORT TO THE CONGRESS.**—Within 90 days after the date of the enactment of this Act, the Comptroller General of the United States shall prepare and submit to the Committees on Agriculture and on Natural Resources of the House of Representatives a written report that contains the findings of the study conducted under subsection (a). If the Comptroller General finds that the institutions

of the Farm Credit System do not have sufficient authority or resources to meet the needs referred to in subsection (a), the report shall include such legislative and other recommendations as the Comptroller General determines would result in a system under which the needs are met in an equitable and effective manner.

SEC. 5416. GAO REPORT ON CREDIT SERVICE TO SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.

(a) DEFINITIONS.—In this section:

(1) AGRICULTURAL CREDIT PROVIDER.—The term “agricultural credit provider” means—

(A) a Farm Credit System institution;

(B) a commercial bank;

(C) the Federal Agricultural Mortgage Corporation;

(D) a life insurance company; and

(E) any other individual or entity, as determined by the Comptroller General of the United States.

(2) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term “socially disadvantaged farmer or rancher” has the meaning given the term in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)).

(b) STUDY.—The Comptroller General of the United States shall—

(1) conduct a study—

(A) to assess the credit and related services provided by agricultural credit providers to socially disadvantaged farmers and ranchers;

(B) to review the overall participation of socially disadvantaged farmers and ranchers in the services described in subparagraph (A); and

(C) to identify barriers that limit the availability of agricultural credit to socially disadvantaged farmers and ranchers; and

(2) provide recommendations on how agricultural credit providers may improve outreach to socially disadvantaged farmers and ranchers relating to the availability of credit and related services.

(c) REPORT.—Not later than 120 days after the date of enactment of this Act, the Comptroller General of the United States shall prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that contains the findings of the study conducted under subsection (b)(1) and the recommendations described in subsection (b)(2).

TITLE VI—RURAL DEVELOPMENT

Subtitle A—Improving Health Outcomes in Rural America

SEC. 6101. COMBATING SUBSTANCE USE DISORDER IN RURAL AMERICA; PRIORITIZATIONS.

(a) COMBATING SUBSTANCE USE DISORDER IN RURAL AMERICA.—

(1) **PRIORITIZATIONS.**—The Secretary shall make the following prioritizations and set asides for fiscal years 2019 through 2025:

(A) **DISTANCE LEARNING AND TELEMEDICINE.**—

(i) **SUBSTANCE USE DISORDER SET-ASIDE.**—Subject to clause (ii), the Secretary shall make available not less than 20 percent of amounts made available under section 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa-2) for financial assistance under chapter 1 of subtitle D of title XXIII of such Act for telemedicine projects that provide substance use disorder treatment services.

(ii) **EXCEPTION.**—In the case of a fiscal year for which the Secretary determines that there are not sufficient qualified applicants to receive financial assistance for projects providing substance use disorder treatment services to reach the 20-percent requirement under clause (i), the Secretary may make available less than 20 percent of amounts made available under such section 2335A for those services.

(B) **COMMUNITY FACILITIES DIRECT LOANS AND GRANTS.**—

(i) **SUBSTANCE USE DISORDER SELECTION PRIORITY.**—In selecting recipients of direct loans or grants for the development of essential community facilities under section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)), the Secretary shall give priority to entities eligible for those direct loans or grants—

(I) to develop facilities to provide substance use disorder (including opioid substance use disorder)—

(aa) prevention services;

(bb) treatment services;

(cc) recovery services; or

(dd) any combination of those services;

and

(II) that employ staff that have appropriate expertise and training in how to identify and treat individuals with substance use disorders.

(ii) **USE OF FUNDS.**—An eligible entity described in clause (i) that receives a direct loan or grant described in that clause may use the direct loan or grant funds for the development of telehealth facilities and systems to provide telehealth services for substance use disorder treatment.

(C) **RURAL HEALTH AND SAFETY EDUCATION PROGRAMS; SUBSTANCE USE DISORDER SELECTION PRIORITY.**—In making grants under section 502(i) of the Rural Development Act of 1972 (7 U.S.C. 2662(i)), the Secretary shall give priority to an applicant that will use the grant for substance use disorder education and treatment and the prevention of substance use disorder.

(2) **LIMITATION ON OTHER REPRIORITIZATIONS.**—For fiscal years 2019 through 2025, the Secretary shall not make any national reprioritizations within the Rural Health and Safety Education Programs, the Community Facilities direct loan and

grant programs, or the Distance Learning and Telemedicine programs under section 608 of the Rural Development Act of 1972.

(3) TECHNICAL AMENDMENTS.—Title V of the Rural Development Act of 1972 (7 U.S.C. 2661 et seq.) is amended—

(A) in section 502, in the matter preceding subsection (a), by inserting “(referred to in this title as the ‘Secretary’)” after “Agriculture”; and

(B) by striking “Secretary of Agriculture” each place it appears (other than in section 502 in the matter preceding subsection (a)) and inserting “Secretary”.

(b) TEMPORARY PRIORITIZATION OF RURAL HEALTH ASSISTANCE.—Title VI of the Rural Development Act of 1972 (7 U.S.C. 2204a–2204b) is amended by adding at the end the following:

“SEC. 608. TEMPORARY PRIORITIZATION OF RURAL HEALTH ASSISTANCE. 7 USC 2204b–2.

“(a) AUTHORITY TO TEMPORARILY PRIORITIZE CERTAIN RURAL DEVELOPMENT APPLICATIONS.—Notwithstanding any other provision of law, the Secretary, after consultation with such public health officials as may be necessary, may announce through a Federal Register notice pursuant to section 553(b)(3)(B) of title 5, United States Code, a temporary reprioritization, on a national or multistate basis, for certain rural development loan and grant applications to assist rural communities in responding to a significant public health disruption.

“(b) PUBLIC HEALTH DISRUPTION.—For the purposes of this section, the term ‘public health disruption’ means an unanticipated increase in mortality or morbidity in rural communities, when compared to non-rural communities, caused by identifiable events, actions, or behavioral trends, which can be remediated by the programs of the Rural Development mission area. When measuring a public health disruption, the Secretary may analyze data on a national or multi-state basis.

“(c) CONTENT OF ANNOUNCEMENT.—In the announcement, the Secretary shall—

“(1) describe the nature of the public health disruption, including the causes, effects, affected populations, and affected States;

“(2) explain how the programs of the Department of Agriculture will work in remedying the public health disruption;

“(3) identify the services, treatments, or infrastructure best suited to address the public health disruption;

“(4) establish—

“(A) the start and end dates of the reprioritization;

“(B) the programs subject to reprioritization and the modifications to the application process;

“(C) the process for making reprioritizations for applicable programs;

“(D) the amount of funds set-aside for applicable programs, except that a set-aside for such a program shall not be greater than 20 percent of the amounts appropriated for the program for the fiscal year involved; and

“(E) the region in which the reprioritization is in effect; and

“(5) instruct program administrators to implement the reprioritization during the application window or announcement after the announcement takes effect.

“(d) LIMITATIONS ON REPRIORITIZATIONS.—When announcing the reprioritization, the Secretary shall—

“(1) establish an initial total time period of less than 4 years, except as provided for in subsection (e);

“(2) implement only 1 nationally applicable reprioritization at a time;

“(3) implement only 1 regionally applicable reprioritization per State at a time; and

“(4) not use reprioritizations to allocate additional funds to an affected State.

“(e) EXTENSION.—The Secretary may extend an announcement under subsection (a) for no more than 6 years in total, except that nothing shall prevent the Secretary from renewing reprioritizations by making a new announcement under subsection (a).

“(f) RESCINDING THE ANNOUNCEMENT.—The Secretary may rescind a reprioritization announcement made under subsection (a) at any time the Secretary determines that the temporary reprioritizations are no longer needed or effective.

“(g) NOTICE.—Not later than 48 hours after making, extending, or rescinding an announcement under this section, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, and transmit to the Secretary of Health and Human Services, a written notice of the declaration, extension, or rescission.”.

SEC. 6102. DISTANCE LEARNING AND TELEMEDICINE.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa–5) is amended by striking “\$75,000,000 for each of fiscal years 2014 through 2018” and inserting “\$82,000,000 for each of fiscal years 2019 through 2023”.

(b) CONFORMING AMENDMENT.—Section 1(b) of Public Law 102–551 (7 U.S.C. 950aaa note) is amended by striking “2018” and inserting “2023”.

SEC. 6103. REFINANCING OF CERTAIN RURAL HOSPITAL DEBT.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) is amended by inserting after section 341 the following:

7 USC 1990a.

“SEC. 342. REFINANCING OF CERTAIN RURAL HOSPITAL DEBT.

“Assistance under section 306(a) for a community facility, or under section 310B, may include the refinancing of a debt obligation of a rural hospital as an eligible loan or loan guarantee purpose if the assistance would help preserve access to a health service in a rural community, meaningfully improve the financial position of the hospital, and otherwise meet the financial feasibility and adequacy of security requirements of the Rural Development Agency.”.

Subtitle B—Connecting Rural Americans to High Speed Broadband

SEC. 6201. ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.

Section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb) is amended—

(1) in subsection (a), by striking “provide loans and loan guarantees” and inserting “provide grants, provide loans, and provide loan guarantees”;

(2) in subsection (b)(3)(A)(ii), by inserting “in the case of a grant or direct loan,” before “a city”;

(3) in subsection (c)—

(A) in the subsection heading, by striking “LOANS AND” and inserting “GRANTS, LOANS, AND”;

(B) in paragraph (1), by striking “shall make or guarantee loans” and inserting “shall make grants, shall make loans, and shall guarantee loans”;

(C) by striking paragraph (2) and inserting the following:

“(2) PRIORITY.—

“(A) IN GENERAL.—In making grants, making loans, and guaranteeing loans under paragraph (1), the Secretary shall—

“(i) give the highest priority to applications for projects to provide broadband service to unserved rural communities that do not have any residential broadband service of at least—

“(I) a 10-Mbps downstream transmission capacity; and

“(II) a 1-Mbps upstream transmission capacity;

“(ii) give priority to applications for projects to provide the maximum level of broadband service to the greatest proportion of rural households in the proposed service area identified in the application;

“(iii) provide equal consideration to all eligible entities, including those that have not previously received grants, loans, or loan guarantees under paragraph (1); and

“(iv) with respect to 2 or more applications that are given the same priority under clause (i), give priority to an application that requests less grant funding than loan funding.

“(B) OTHER.—After giving priority to the applications described in clauses (i) and (ii) of subparagraph (A), the Secretary shall then give priority to applications—

“(i) for projects to provide broadband service to rural communities—

“(I) with a population of less than 10,000 permanent residents;

“(II) that are experiencing outmigration and have adopted a strategic community investment plan under section 379H(d) that includes considerations for improving and expanding broadband service;

“(III) with a high percentage of low income families or persons (as defined in section 501(b) of the Housing Act of 1949 (42 U.S.C. 1471(b));

“(IV) that are isolated from other significant population centers; or

“(V) that provide rapid and expanded deployment of fixed and mobile broadband on cropland and rangeland within a service territory for use in various applications of precision agriculture; and

“(ii) that were developed with the participation of, and will receive a substantial portion of the funding for the project from, 2 or more stakeholders, including—

“(I) State, local, and tribal governments;

“(II) nonprofit institutions;

“(III) community anchor institutions, such as—

“(aa) public libraries;

“(bb) elementary schools and secondary schools (as defined in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801));

“(cc) institutions of higher education; and

“(dd) health care facilities;

“(IV) private entities;

“(V) philanthropic organizations; and

“(VI) cooperatives.

“(3) GRANT AMOUNTS.—

“(A) DEFINITION OF DEVELOPMENT COSTS.—In this paragraph, the term ‘development costs’ means costs of—

“(i) construction, including labor and materials;

“(ii) project applications; and

“(iii) other development activities, as determined by the Secretary.

“(B) ELIGIBILITY.—To be eligible for a grant under this section, in addition to the requirements of subsection (d), the project that is the subject of the grant shall—

“(i) be carried out in a proposed service territory in which not less than 90 percent of the households are unserved; and

“(ii) not concurrently receive any other broadband grant administered by the Rural Utilities Service.

“(C) MAXIMUM.—Except as provided in subparagraph (D), the amount of any grant made under this section shall not exceed—

“(i) 75 percent of the total project cost with respect to an area with a density of fewer than 7 people per square mile;

“(ii) 50 percent of the total project cost with respect to an area with a density of 7 or more and fewer than 12 people per square mile; and

“(iii) 25 percent of the total project cost with respect to an area with a density of 12 or more and 20 or fewer people per square mile.

“(D) SECRETARIAL AUTHORITY TO ADJUST.—The Secretary may—

“(i) make grants of up to 75 percent of the development costs of the project for which the grant is provided to an eligible entity if the Secretary determines that the project serves—

“(I) an area of rural households described in paragraph (2)(A)(i); or

“(II) a rural community described in any of subclauses (I) through (IV) of paragraph (2)(B)(i); and

“(ii) make modifications of the density thresholds described in subparagraph (C), in order to ensure that funds provided under this section are best utilized to provide broadband service in communities that are the most rural in character.

“(E) APPLICATIONS.—The Secretary shall establish an application process for grants under this section that—

“(i) permits a single application for a grant and a loan under title I, II, or this title that is associated with such grant; and

“(ii) provides a single decision to award such grant and such loan.

“(F) DENSITY DETERMINATIONS.—When determining population density under this section, the Secretary shall prescribe a calculation method which—

“(i) utilizes publicly available data; and

“(ii) includes only those areas in which the applicant is able to meet the service requirements under this section, as determined by the Secretary.

“(4) FEES.—In the case of loan guarantees issued or modified under this section, the Secretary shall charge and collect from the lender fees in such amounts as to bring down the costs of subsidies for guaranteed loans, except that such fees shall not act as a bar to participation in the programs nor be inconsistent with current practices in the marketplace.”;

(4) in subsection (d)—

(A) in paragraph (1)—

(i) in subparagraph (A)—

(I) in the matter preceding clause (i), by striking “loan or” and inserting “grant, loan, or”;

(II) by striking clause (i) and inserting the following:

“(i) demonstrate the ability to furnish or improve service in order to meet the broadband buildout requirements established under subsection (e)(4) in all or part of an unserved or underserved rural area;”.

(III) in clause (ii), by striking “a loan application” and inserting “an application”; and

(IV) in clause (iii)—

(aa) by striking “service” and inserting “infrastructure”;

(bb) by striking “loan” the first place it appears;

(cc) by striking “3” and inserting “5”; and

(dd) by striking “proceeds from the loan made or guaranteed under this section are” and inserting “assistance under this section is”; and

(ii) in subparagraph (B), by striking “(k)” and inserting “(j)”; and

(B) in paragraph (2)(A)—

(i) in the matter preceding clause (i)—

(I) by striking “the proceeds of a loan made or guaranteed” and inserting “assistance”; and

(II) by striking “for the loan or loan guarantee” and inserting “of the eligible entity”; and

(ii) in clause (i)—

(I) by striking “15 percent” and inserting “50 percent (in the case of loans or loan guarantees provided in accordance with subsection (g)(1)(A))”; and

(II) by striking “level of broadband service” and inserting “level of fixed broadband service, whether terrestrial or wireless,”;

(C) in paragraph (3)(A), by striking “loan or” and inserting “grant, loan, or”;

(D) in paragraph (4), by striking “a loan or loan guarantee” and inserting “assistance”; and

(E) by striking paragraphs (5) through (10) and inserting the following:

“(5) TECHNICAL ASSISTANCE AND TRAINING.—

“(A) IN GENERAL.—The Secretary may provide to eligible entities described in paragraph (1) that are applying for assistance under this section for a project described in subsection (c)(2)(A)(i) technical assistance and training—

“(i) to prepare reports and surveys necessary to request grants, loans, and loan guarantees under this section for broadband deployment;

“(ii) to improve management, including financial management, relating to the proposed broadband deployment;

“(iii) to prepare applications for grants, loans, and loan guarantees under this section; or

“(iv) to assist with other areas of need identified by the Secretary.

“(B) FUNDING.—Not less than 3 percent and not more than 5 percent of amounts appropriated to carry out this section for a fiscal year shall be used for technical assistance and training under this paragraph.”;

(5) in subsection (e)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking “4-Mbps” and inserting “25-Mbps”; and

(ii) in subparagraph (B), by striking “1-Mbps” and inserting “3-Mbps”;

(B) in paragraph (2)—

(i) by—

(I) striking the following:

“(2) ADJUSTMENTS.—

“(A) IN GENERAL.—At”; and

(II) inserting the following:

“(2) ADJUSTMENTS.—At”;

(ii) by inserting “and broadband buildout requirements under paragraph (4)” after “(1)”; and

(iii) by striking subparagraph (B); and

(C) by adding at the end the following:

“(4) BROADBAND BUILDOUT REQUIREMENTS.—

“(A) IN GENERAL.—The term ‘broadband buildout requirement’ means the level of internet service an applicant receiving assistance under this section must agree, at the time the application is finalized, to provide for the duration of any project-related agreement between the applicant and the Department.

“(B) BROADBAND BUILDOUT REQUIREMENTS FURTHER DEFINED.—Subject to subparagraph (C), the Secretary shall establish broadband buildout requirements for projects with agreement lengths of—

“(i) 5 to 10 years;

“(ii) 11 to 15 years;

“(iii) 16 to 20 years; and

“(iv) more than 20 years.

“(C) REQUIREMENTS.—In establishing the broadband buildout requirements under subparagraph (B), the Secretary shall—

“(i) utilize the same metrics used to define the minimum acceptable level of broadband service under paragraph (1);

“(ii) establish such requirements to reasonably ensure—

“(I) the repayment of all loans and loan guarantees; and

“(II) the financed network is technically capable of providing broadband service for the lifetime of any project-related agreement.

“(D) SUBSTITUTE SERVICE STANDARDS FOR UNIQUE SERVICE TERRITORIES.—If an applicant shows that it would be cost prohibitive to meet the broadband buildout requirements established under this paragraph for the entirety of a proposed service territory due to the unique characteristics of the proposed service territory, the Secretary and the applicant may agree to utilize substitute standards for any unserved portion of the project. Any substitute service standards should continue to consider the best technology available to meet the needs of the residents in the unserved area.”;

(6) in subsection (f), by striking “make a loan or loan guarantee” and inserting “provide assistance”;

(7) in subsection (g), by striking paragraph (2) and redesignating paragraph (3) as paragraph (2);

(8) by striking subsections (i) and (j) and inserting the following:

“(i) PAYMENT ASSISTANCE FOR CERTAIN LOAN AND GRANT RECIPIENTS.—

“(1) USE OF GRANT FUNDS.—The Secretary may use the funds appropriated for a grant under this title for the cost (as defined by section 502 of the Congressional Budget Act of 1974) of providing assistance under paragraph (2).

“(2) PAYMENT ASSISTANCE.—When providing a grant under this title, the Secretary, at the sole discretion of the Secretary, may make—

“(A) a subsidized loan, which shall bear a reduced interest rate at such a rate as the Secretary determines appropriate to meet the objectives of the program; or

“(B) a payment assistance loan, which shall—

“(i) require no interest and principal payments while the borrower is—

“(I) in material compliance with the loan agreement; and

“(II) meeting the milestones and objectives of the project agreed to under paragraph (3); and

“(ii) require such nominal periodic payments as the Secretary determines to be appropriate.

“(3) AGREEMENT ON MILESTONES AND OBJECTIVES.—With respect to payment assistance provided under paragraph (2), before entering into the agreement under which the payment assistance will be provided, the applicant and the Secretary shall agree to milestones and objectives of the project.

“(4) AMENDMENT OF MILESTONES AND OBJECTIVES.—The Secretary and the applicant may jointly agree to amend the milestones and objectives agreed to under paragraph (3).

“(5) CONSIDERATIONS.—When deciding to utilize the payment assistance authority under paragraph (2) the Secretary shall consider whether or not the payment assistance will—

“(A) improve the compliance of the grantee with any commitments made through the grant agreement;

“(B) promote the completion of the broadband project;

“(C) protect taxpayer resources; and

“(D) support the integrity of the broadband programs administered by the Secretary.

“(6) LIMITATIONS ON PAYMENT ASSISTANCE.—The Secretary may not make a payment assistance loan under paragraph (2)(B) to an entity receiving a grant under this section that is also the recipient of a loan under title I or II that is associated with such grant.”;

(9) in subsection (k)(1)—

(A) by striking “\$25,000,000” and inserting “\$350,000,000”; and

(B) by striking “2008 through 2018” and inserting “2019 through 2023”;

(10) in subsection (l)—

(A) by striking “loan or” and inserting “grant, or loan, or”; and

(B) by striking “2018” and inserting “2023”; and

(11) by redesignating subsections (k) and (l) as subsections (j) and (k), respectively.

SEC. 6202. EXPANSION OF MIDDLE MILE INFRASTRUCTURE INTO RURAL AREAS.

Section 602 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb–1) is amended to read as follows:

“SEC. 602. EXPANSION OF MIDDLE MILE INFRASTRUCTURE INTO RURAL AREAS.

“(a) PURPOSE.—The purpose of this section is to encourage the expansion and extension of middle mile broadband infrastructure to connect underserved rural areas to the backbone of the Internet.

“(b) MIDDLE MILE INFRASTRUCTURE.—For the purposes of this section, the term ‘middle mile infrastructure’ means any broadband infrastructure that does not connect directly to end-user locations (including anchor institutions) and may include interoffice transport, backhaul, Internet connectivity, data centers, or special access transport to rural areas.

“(c) GRANTS, LOANS, AND LOAN GUARANTEES.—The Secretary shall make grants, loans, and loan guarantees to eligible applicants described in subsection (d) to provide funds for the construction, improvement, or acquisition of middle mile infrastructure to serve rural areas.

“(d) ELIGIBILITY.—

“(1) ELIGIBLE APPLICANTS.—

“(A) IN GENERAL.—To be eligible to obtain assistance under this section, an eligible entity shall—

“(i) submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require;

“(ii) agree to complete build-out of the middle mile infrastructure described in the application by not later than 5 years after the initial date on which proceeds from the assistance provided under this section are made available; and

“(iii) submit to the Secretary a plan to ensure the viability of the project by—

“(I) connecting, assisting with connecting, or enabling the connection of retail broadband systems that serve rural areas within the proposed service territory to the middle mile infrastructure project in an affordable and economically competitive manner;

“(II) leasing or selling sufficient capacity prior to project approval; and

“(III) complying with any other requirements imposed by the Secretary.

“(B) ADDITIONAL END USER BROADBAND PROGRAMS.—Entities that receive assistance to construct, improve, or acquire middle mile infrastructure under this section shall be eligible to apply for additional funds under this title to provide for retail broadband service to end users.

“(2) ELIGIBLE SERVICE TERRITORIES.—The proceeds of assistance provided under this section may be used to carry out a project in a proposed service territory only if, as of the date the application for assistance under this section is submitted, there is not adequate middle mile infrastructure available to support broadband service for eligible rural communities that would be provided access to the middle mile infrastructure.

“(3) ELIGIBLE PROJECTS.—A project shall be eligible for assistance under this section if at the time of the application—

“(A) at least 75 percent of the interconnection points serve such eligible rural areas; and

“(B) the Secretary determines that the proposed middle mile network will be capable of supporting retail broadband service meeting the maximum broadband buildout requirement established under section 601(e)(4) for the residents within the proposed service territory.

“(e) **LIMITATION ON GRANTS.**—In making grants under this section, the Secretary shall—

“(1) not provide any grant in excess of 20 percent of the total project cost; and

“(2) provide grants only to those projects which serve rural areas where population density or geographic characteristics make it infeasible to construct middle mile broadband systems without grant assistance.

“(f) **TERMS, CONDITIONS, AND ADEQUACY OF SECURITY.**—All loans and loan guarantees provided under this section shall be made subject to such terms, conditions, and adequacy of security requirements as may be imposed by the Secretary. If the middle mile infrastructure would not provide adequate security due to long-term leasing arrangements, the Secretary shall require substitute security in such form and substance as are acceptable to the Secretary.

“(g) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2018 through 2023.”.

SEC. 6203. MODIFICATIONS TO THE RURAL GIGABIT PROGRAM.

Section 603 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb–2) is amended—

(1) in the section heading, by striking “**RURAL GIGABIT NETWORK PILOT**” and inserting “**INNOVATIVE BROADBAND ADVANCEMENT**”;

(2) in subsection (d), by striking “2014 through 2018” and inserting “2019 through 2023”;

(3) by redesignating subsection (d) as subsection (e); and

(4) by striking subsections (a) through (c) and inserting the following:

“(a) **IN GENERAL.**—The Secretary shall establish a program to be known as the ‘Innovative Broadband Advancement Program’, under which the Secretary may provide a grant, a loan, or both to an eligible entity for the purpose of demonstrating innovative broadband technologies or methods of broadband deployment that significantly decrease the cost of broadband deployment, and provide substantially faster broadband speeds than are available, in a rural area.

“(b) **RURAL AREA.**—In this section, the term ‘rural area’ has the meaning provided in section 601(b)(3).

“(c) **ELIGIBILITY.**—To be eligible to obtain assistance under this section for a project, an entity shall—

“(1) submit to the Secretary an application—

“(A) that describes a project designed to decrease the cost of broadband deployment, and substantially increase broadband speed to not less than the maximum broadband buildout requirements established under section 601(e)(4), in a rural area to be served by the project; and

“(B) at such time, in such manner, and containing such other information as the Secretary may require;

“(2) demonstrate that the entity is able to carry out the project; and

“(3) agree to complete the project build-out within 5 years after the date the assistance is first provided for the project.

“(d) **PRIORITIZATION.**—In awarding assistance under this section, the Secretary shall give priority to proposals for projects that—

- “(1) involve partnerships between or among multiple entities;
- “(2) would provide broadband service to the greatest number of rural entities at or above the broadband requirements referred to in subsection (c)(1)(A); and
- “(3) the Secretary determines could be replicated in rural areas described in paragraph (2).”.

SEC. 6204. COMMUNITY CONNECT GRANT PROGRAM.

Title VI of the Rural Electrification Act of 1936 (7 U.S.C. 950bb et seq.) is amended by adding at the end the following:

“SEC. 604. COMMUNITY CONNECT GRANT PROGRAM.

7 USC 950bb–3.

“(a) **DEFINITIONS.**—In this section:

“(1) **ELIGIBLE BROADBAND SERVICE.**—The term ‘eligible broadband service’ means broadband service that has the capability to transmit data at a speed specified by the Secretary, which may not be less than the applicable minimum download and upload speeds established by the Federal Communications Commission in defining the term ‘advanced telecommunications capability’ for purposes of section 706 of the Telecommunications Act of 1996 (47 U.S.C. 1302).

“(2) **ELIGIBLE SERVICE AREA.**—The term ‘eligible service area’ means an area in which broadband service capacity is less than—

- “(A) a 10-Mbps downstream transmission capacity; and
- “(B) a 1-Mbps upstream transmission capacity.

“(3) **ELIGIBLE ENTITY.**—

“(A) **IN GENERAL.**—The term ‘eligible entity’ means a legally organized entity that—

“(i) is—

- “(I) an incorporated organization;
- “(II) an Indian Tribe or Tribal organization;
- “(III) a State;
- “(IV) a unit of local government; or

“(V) any other legal entity, including a cooperative, a private corporation, or a limited liability company, that is organized on a for-profit or a not-for-profit basis; and

“(ii) has the legal capacity and authority to enter into a contract, to comply with applicable Federal laws, and to own and operate broadband facilities, as proposed in the application submitted by the entity for a grant under the Program.

“(B) **EXCLUSIONS.**—The term ‘eligible entity’ does not include—

- “(i) an individual; or
- “(ii) a partnership.

“(4) **RURAL AREA.**—The term ‘rural area’ has the meaning given the term in section 601(b)(3)(A).

“(b) **ESTABLISHMENT.**—The Secretary shall establish a program, to be known as the ‘Community Connect Grant Program’, to provide grants to eligible entities to finance broadband transmission in rural areas.

“(c) ELIGIBLE PROJECTS.—An eligible entity that receives a grant under the Program shall use the grant to carry out a project that—

“(1) provides eligible broadband service to, within the proposed eligible service area described in the application submitted by the eligible entity—

“(A) each essential community facility as defined pursuant to section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)); and

“(B) any required facilities necessary to offer that eligible broadband service to each residential and business customer within such proposed eligible service area; and

“(2) for not less than 2 years—

“(A) furnishes free eligible broadband service to a community center described in subsection (d)(1)(B);

“(B) provides not fewer than 2 computer access points for that free eligible broadband service; and

“(C) covers the cost of bandwidth to provide free eligible broadband service to each essential community facility that requests broadband services within the proposed eligible service area described in the application submitted by the eligible entity.

“(d) USES OF GRANT FUNDS.—

“(1) IN GENERAL.—An eligible entity that receives a grant under the Program may use the grant for—

“(A) the construction, acquisition, or leasing of facilities (including spectrum), land, or buildings to deploy eligible broadband service; and

“(B) the improvement, expansion, construction, or acquisition of a community center within the proposed eligible service area described in the application submitted by the eligible entity.

“(2) INELIGIBLE USES.—An eligible entity that receives a grant under the Program shall not use the grant for—

“(A) the duplication of any existing eligible broadband service provided by another entity in the eligible service area; or

“(B) operating expenses, except as provided in—

“(i) subsection (c)(2)(C) with respect to free eligible broadband service; and

“(ii) paragraph (1)(A) with respect to spectrum.

“(3) FREE ACCESS FOR COMMUNITY CENTERS.—Of the amounts provided to an eligible entity under a grant under the Program, the eligible entity shall use to carry out paragraph (1)(B) not greater than the lesser of—

“(A) 10 percent; and

“(B) \$150,000.

“(e) MATCHING FUNDS.—

“(1) IN GENERAL.—An eligible entity that receives a grant under the Program shall provide a cash contribution in an amount that is not less than 15 percent of the amount of the grant.

“(2) REQUIREMENTS.—A cash contribution described in paragraph (1)—

“(A) shall be used solely for the project for which the eligible entity receives a grant under the Program; and

“(B) shall not include any Federal funds, unless a Federal statute specifically provides that those Federal funds may be considered to be from a non-Federal source.

“(f) APPLICATIONS.—

“(1) IN GENERAL.—To be eligible to receive a grant under the Program, an eligible entity shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

“(2) REQUIREMENT.—An application submitted by an eligible entity under paragraph (1) shall include documentation sufficient to demonstrate the availability of funds to satisfy the requirement of subsection (e).

“(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$50,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 6205. OUTDATED BROADBAND SYSTEMS.

(a) IN GENERAL.—Title VI of the Rural Electrification Act of 1936 (7 U.S.C. 950bb et seq.) is further amended by adding at the end the following:

“SEC. 605. OUTDATED BROADBAND SYSTEMS.

7 USC 950bb-4.

“(a) IN GENERAL.—Except as provided in subsection (b), the Secretary shall consider any portion of a service territory that is subject to an outstanding grant agreement between the Secretary and a broadband provider to be unserved for the purposes of all broadband assistance programs under this Act, if the broadband service in that portion of a service territory is less than 10 Mbps downstream transmission capacity or less than 1 Mbps upstream transmission capacity.

“(b) EXCEPTION.—The Secretary shall not consider a portion of a service territory described in subsection (a) to be unserved if the broadband service provider has constructed or begun to construct broadband facilities that meet the minimum acceptable level of service established under section 601(e), in that portion of the service territory.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall not take effect until October 1, 2020.

7 USC 950bb-4 note.

SEC. 6206. DEFAULT AND DEOBLIGATION; DEFERRAL.

Title VI of such Act (7 U.S.C. 950bb et seq.) is further amended by adding at the end the following:

“SEC. 606. DEFAULT AND DEOBLIGATION; DEFERRAL.

7 USC 950bb-5.

“(a) DEFAULT AND DEOBLIGATION.—In addition to other authority under applicable law, the Secretary shall establish written procedures for all broadband programs so that, to the maximum extent practicable, the programs are administered to—

“(1) recover funds from loan and grant defaults;

“(2) deobligate any awards, less allowable costs that demonstrate an insufficient level of performance (including metrics determined by the Secretary) or fraudulent spending, to the extent funds with respect to the award are available in the account relating to the program established by this title;

“(3) award those funds, on a competitive basis, to new or existing applicants consistent with this title; and

“(4) minimize overlap among the programs.

“(b) DEFERRAL PERIOD.—In determining the terms and conditions of assistance provided under this title, the Secretary may establish a deferral period of not shorter than the buildout period established for the project involved in order to support the financial feasibility and long-term sustainability of the project.”

SEC. 6207. PUBLIC NOTICE, ASSESSMENTS, AND REPORTING REQUIREMENTS.

The Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end the following new title:

“TITLE VII—GENERAL AND ADMINISTRATIVE PROVISIONS

7 USC 950cc.

“SEC. 701. PUBLIC NOTICE, ASSESSMENTS, AND REPORTING REQUIREMENTS.

“(a) NOTICE REQUIREMENTS.—The Secretary shall promptly make available to the public, a fully searchable database on the website of the Rural Utilities Service that contains information on all retail broadband projects provided assistance or for which assistance is sought that are administered by the Secretary, including, at a minimum—

“(1) notice of each application for assistance describing the application, including—

“(A) the identity of the applicant;

“(B) a description of each application, including—

“(i) a map of the proposed service area of the applicant; and

“(ii) the amount and type of support requested by each applicant;

“(C) the status of each application; and

“(D) the estimated number and proportion of service points in the proposed service territory without fixed broadband service, whether terrestrial or wireless;

“(2) notice of each entity receiving assistance administered by the Secretary, including—

“(A) the name of the entity;

“(B) the type of assistance being received;

“(C) the purpose for which the entity is receiving the assistance; and

“(D) each annual report submitted under subsection (c) (redacted to protect any proprietary information in the report); and

“(3) such other information as is sufficient to allow the public to understand assistance provided.

“(b) SERVICE AREA ASSESSMENT.—

“(1) IN GENERAL.—The Secretary shall, with respect to a retail broadband application for assistance, which is outside an area in which the applicant receives Federal universal service support—

“(A) after giving notice required by subsection (a)(1), afford service providers not less than 45 days to voluntarily submit information required by the Secretary onto the agency’s online mapping tool with respect to areas that are coterminous with the proposed service area of the application (or any parts thereof), such that the Secretary

may assess whether the application submitted meets the eligibility requirements under this title; and

“(B) if no broadband service provider submits information under paragraph (1), consider the number of providers in the proposed service area to be established by using any other data regarding the availability of broadband service that the Secretary may collect or obtain through reasonable efforts.

“(2) ASSESSMENT OF UNSERVED COMMUNITIES.—In the case of an application given the highest priority under section 601(c)(2)(A)(i), the Secretary shall confirm that each unserved rural community identified in the application is eligible for funding by—

“(A) conferring with, and obtaining data from, the Chair of the Federal Communications Commission and the Administrator of the National Telecommunications and Information Administration with respect to the service level in the service area proposed in the application;

“(B) reviewing any other source that is relevant to service data validation, as determined by the Secretary; and

“(C) performing site-specific testing to verify the unavailability of any retail broadband service.

“(3) FOIA EXEMPTION.—For purposes of section 552 of title 5, United States Code, information received by the Secretary pursuant to paragraph (1)(A) of this subsection shall be exempt from disclosure pursuant to subsection (b)(2)(B) of such section 552.

“(c) REPORTING BROADBAND IMPROVEMENTS TO USDA.—

“(1) IN GENERAL.—The Secretary shall require any entity receiving assistance for a project which provides retail broadband service to submit an annual report for 3 years after completion of the project, in a format specified by the Secretary, that describes—

“(A) the use by the entity of the assistance, including new equipment and capacity enhancements that support high-speed broadband access for educational institutions, health care providers, and public safety service providers (including the estimated number of end users who are currently using or forecasted to use the new or upgraded infrastructure); and

“(B) the progress towards fulfilling the objectives for which the assistance was granted, including—

“(i) the number of service points that will receive new broadband service, existing network service improvements, and facility upgrades resulting from the Federal assistance;

“(ii) the speed of broadband service;

“(iii) the average price of the most subscribed tier of broadband service in a proposed service area;

“(iv) new subscribers generated from the project; and

“(v) any metrics the Secretary determines to be appropriate.

“(2) ADDITIONAL REPORTING.—

“(A) BROADBAND BUILDOUT DATA.—As a condition of receiving assistance under section 601, a recipient of assistance shall provide to the Secretary complete, reliable, and precise geolocation information that indicates the location of new broadband service that is being provided or upgraded within the service territory supported by the grant, loan, or loan guarantee not later than 30 days after the earlier of—

“(i) the date of completion of any project milestone established by the Secretary; or

“(ii) the date of completion of the project.

“(B) REPORTING FOR MIDDLE MILE PROJECTS.—The Secretary shall require any entity receiving assistance under section 602 to submit a semiannual report for 5 years after completion of the project, in a format specified by the Secretary, that describes—

“(i) the use by the entity of the assistance to construct, improve, or acquire middle mile infrastructure;

“(ii) the progress towards meeting the end-user connection plan submitted under section 602(d)(1)(A)(iii); and

“(iii) any additional metrics the Secretary determines to be appropriate.

“(C) ADDITIONAL REPORTING.—The Secretary may require any additional reporting and information by any recipient of any broadband assistance under this act so as to ensure compliance with this section.

“(d) ANNUAL REPORT ON BROADBAND PROJECTS AND SERVICE TO CONGRESS.—Each year, the Secretary shall submit to the Congress a report that describes the extent of participation in the broadband assistance programs administered by the Secretary for the preceding fiscal year, including a description of—

“(1) the number of applications received and accepted, including any special loan terms or conditions for which the Secretary provided additional assistance to unserved areas;

“(2)(A) the communities proposed to be served in each application submitted for the fiscal year; and

“(B) the communities served by projects funded by broadband assistance programs;

“(3) the period of time required to approve each loan application under broadband programs;

“(4) any outreach activities carried out by the Secretary to encourage entities in rural areas without broadband service to submit applications under this Act;

“(5) the method by which the Secretary determines that a service enables a subscriber to originate and receive high-quality voice, data, graphics, and video for purposes of providing broadband service under this Act;

“(6) each broadband service, including the type and speed of broadband service, for which assistance was sought, and each broadband service for which assistance was provided, under this Act; and

“(7) the overall progress towards fulfilling the goal of improving the quality of rural life by expanding rural broadband access, as demonstrated by metrics, including—

“(A) the number of residences and businesses receiving new broadband services;

“(B) network improvements, including facility upgrades and equipment purchases;

“(C) average broadband speeds and prices on a local and statewide basis;

“(D) any changes in broadband adoption rates; and

“(E) any specific activities that increased high speed broadband access for educational institutions, health care providers, and public safety service providers.

“(e) LIMITATIONS ON RESERVATION OF FUNDS.—Not less than 3 but not more than 5 percent of program level amounts available pursuant to amounts appropriated to carry out title VI shall be set aside to be used for—

“(1) conducting oversight under such title;

“(2) implementing accountability measures and related activities authorized under such title; and

“(3) carrying out this section.”.

SEC. 6208. ENVIRONMENTAL REVIEWS.

Title VII of the Rural Electrification Act of 1936, as added by section 6207 of this Act, is amended by adding at the end the following:

“SEC. 702. ENVIRONMENTAL REVIEWS.

7 USC 950cc-1.

“The Secretary may obligate, but not disperse, funds under this Act before the completion of otherwise required environmental, historical, or other types of reviews if the Secretary determines that a subsequent site-specific review shall be adequate and easily accomplished for the location of towers, poles, or other broadband facilities in the service area of the borrower without compromising the project or the required reviews.”.

SEC. 6209. USE OF LOAN PROCEEDS TO REFINANCE LOANS FOR DEPLOYMENT OF BROADBAND SERVICE.

Title VII of the Rural Electrification Act of 1936, as added by section 6207 and amended by section 6208 of this Act, is amended by adding at the end the following:

“SEC. 703. USE OF LOAN PROCEEDS TO REFINANCE LOANS FOR DEPLOYMENT OF BROADBAND SERVICE.

7 USC 950cc-2.

“Notwithstanding any other provision of this Act, the proceeds of any loan made or guaranteed by the Secretary under this Act may be used by the recipient of the loan for the purpose of refinancing an outstanding obligation of the recipient on another telecommunications loan made under this Act, or on any other loan if that loan would have been for an eligible telecommunications purpose under this Act.”.

SEC. 6210. SMART UTILITY AUTHORITY FOR BROADBAND.

(a) Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981) is amended by adding at the end the following:

“(e)(1) Except as provided in paragraph (2), the Secretary may allow a recipient of a grant, loan, or loan guarantee provided by the Office of Rural Development under this title to use not more than 10 percent of the amount so provided—

“(A) for any activity for which assistance may be provided under section 601 of the Rural Electrification Act of 1936; or

“(B) to construct other broadband infrastructure.

“(2) Paragraph (1) of this subsection shall not apply to a recipient who is seeking to provide retail broadband service in any area where retail broadband service is available at the minimum broadband speeds, as defined under section 601(e) of the Rural Electrification Act of 1936.

“(3) The Secretary shall not provide funding under paragraph (1) if the funding would result in competitive harm to any grant, loan, or loan guarantee provided under the Rural Electrification Act of 1936.”.

(b) Title I of the Rural Electrification Act of 1936 (7 U.S.C. 901–918a) is amended by inserting after section 7 the following:

7 USC 908.

“SEC. 8. LIMITATIONS ON USE OF ASSISTANCE.

“(a) Subject to subsections (b) and (c) of this section, the Secretary may allow a recipient of a grant, loan, or loan guarantee under this title to set aside not more than 10 percent of the amount so received to provide retail broadband service.

“(b) A recipient who sets aside funds under subsection (a) of this section may use the funds only in an area that is not being provided with the minimum acceptable level of broadband service established under section 601(e), unless the recipient meets the requirements of section 601(d).

“(c) Nothing in this section shall be construed to limit the ability of any borrower to finance or deploy services authorized under this Act.

“(d) The Secretary shall not provide funding under subsection (a) if the funding would result in competitive harm to any grant, loan, or loan guarantee referred to in subsection (a).”.

SEC. 6211. REFINANCING OF TELEPHONE LOANS.

Section 201 of the Rural Electrification Act of 1936 (7 U.S.C. 922) is amended, in the fifth sentence, by striking “furnishing telephone service in rural areas:” and all that follows through “40 per centum of any loan made under this title.” and inserting “furnishing telephone service in rural areas, including indebtedness of recipients on another telecommunications loan made under this Act.”.

7 USC 950bb–6.

SEC. 6212. FEDERAL BROADBAND PROGRAM COORDINATION.

(a) CONSULTATION BETWEEN USDA AND NTIA.—The Secretary shall consult with the Assistant Secretary to assist in the verification of eligibility of the broadband loan and grant programs of the Department of Agriculture. In providing assistance under the preceding sentence, the Assistant Secretary shall make available the broadband assessment and mapping capabilities of the National Telecommunications and Information Administration.

(b) CONSULTATION BETWEEN USDA AND FCC.—

(1) BY USDA.—The Secretary shall consult with the Commission before providing broadband assistance for a project to serve an area with respect to which another entity is receiving Connect America Fund or Mobility Fund support under the Federal universal service support mechanisms established under section 254 of the Communications Act of 1934 (47 U.S.C. 254).

(2) BY FCC.—The Commission shall consult with the Secretary before offering or providing Connect America Fund or Mobility Fund support under the Federal universal service

support mechanisms established under section 254 of the Communications Act of 1934 (47 U.S.C. 254) to serve an area with respect to which another entity has received broadband assistance under a loan or grant program of the Department of Agriculture.

(c) REPORT TO CONGRESS.—Not later than 1 year after the date of the enactment of this Act, the Secretary, the Commission, and the Assistant Secretary shall submit to the Committee on Agriculture and the Committee on Energy and Commerce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Commerce, Science, and Transportation of the Senate a report on how best to coordinate federally supported broadband programs and activities in order to achieve the following objectives:

(1) Promote high-quality broadband service that meets the long-term needs of rural residents and businesses, by evaluating the broadband service needs in rural areas for each decade through 2050.

(2) Support the long-term viability, sustainability, and utility of federally supported rural broadband infrastructure, by analyzing the technical capabilities of the technologies currently available and reasonably expected to be available by 2035 to meet the broadband service needs of rural residents identified under paragraph (1), including by analyzing the following:

(A) The real-world performance of such technologies, including data rates, latency, data usage restrictions, and other aspects of service quality, as defined by the Commission.

(B) The suitability of each such technology for residential, agricultural, educational, healthcare, commercial, and industrial purposes in rural areas.

(C) The cost to deploy and support such technologies in several rural geographies.

(D) The costs associated with online platforms, specifically the resulting constraints on rural network bandwidth.

(3) Identify and quantify the availability of broadband service and ongoing broadband deployment in rural areas, including ways to do the following:

(A) Harmonize broadband notification and reporting requirements and develop common verification procedures across all federally supported broadband programs.

(B) Consolidate and utilize the existing broadband service data.

(C) Collect and share data on those projects in rural areas where Federal programs are currently supporting broadband deployment, including areas with respect to which an entity is receiving—

(i) support under a broadband assistance program of the Department of Agriculture; or

(ii) Connect America Fund or Mobility Fund support under the Federal universal service support mechanisms established under section 254 of the Communications Act of 1934 (47 U.S.C. 254).

(D) Leverage support technologies and services from online platforms for providers of broadband service in rural areas.

(d) DEFINITIONS.—In this section:

(1) ASSISTANT SECRETARY.—The term “Assistant Secretary” means the Assistant Secretary of Commerce for Communications and Information.

(2) COMMISSION.—The term “Commission” means the Federal Communications Commission.

(3) RURAL AREA.—The term “rural area” has the meaning given the term in section 601(b)(3) of the Rural Electrification Act of 1936.

7 USC 950bb
note.

SEC. 6213. TRANSITION RULE.

For the period beginning on the date of the enactment of this Act and ending on the date that is one year after such date of enactment, with respect to the implementation of the rural broadband access program under section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb) and the Community Connect Grant Program under section 604 of such Act, as added by section 6204 of this Act, the Secretary shall use the regulations in existence as of the day before the date of enactment of this Act that are applicable to the program involved, until the Secretary issues a final rule implementing the provisions of, and amendments made by, this title that apply to that program.

SEC. 6214. RURAL BROADBAND INTEGRATION WORKING GROUP.

(a) IN GENERAL.—

(1) ESTABLISHMENT.—There is established the Rural Broadband Integration Working Group (referred to in this subsection as the “Working Group”).

(2) MEMBERSHIP.—The membership of the Working Group shall be composed of the heads, or their designees, of—

(A) the Department of Agriculture, acting through the Administrator of the Rural Utilities Service;

(B) the Department of Commerce, acting through the Assistant Secretary for Communications and Information;

(C) the Department of Defense;

(D) the Department of State;

(E) the Department of the Interior;

(F) the Department of Labor;

(G) the Department of Health and Human Services;

(H) the Department of Homeland Security;

(I) the Department of Housing and Urban Development;

(J) the Department of Justice;

(K) the Department of Transportation;

(L) the Department of the Treasury;

(M) the Department of Energy;

(N) the Department of Education;

(O) the Department of Veterans Affairs;

(P) the Environmental Protection Agency;

(Q) the General Services Administration;

(R) the Small Business Administration;

(S) the Institute of Museum and Library Services;

(T) the National Science Foundation;

(U) the Council on Environmental Quality;

(V) the Office of Science and Technology Policy;

(W) the Office of Management and Budget;

(X) the Council of Economic Advisers;

(Y) the Domestic Policy Council;

(Z) the National Economic Council; and

(AA) such other Federal agencies or entities as are determined appropriate by the co-chairs.

(3) CO-CHAIRS.—The following individuals, or their designees, shall serve as co-chairs of the Working Group:

(A) The Administrator of the Rural Utilities Service.

(B) The Assistant Secretary for Communications and Information.

(C) The Director of the National Economic Council.

(D) The Director of the Office of Science and Technology Policy.

(4) CONSULTATION; COORDINATION.—The Working Group shall consult, as appropriate, with other relevant agencies, including the Federal Communications Commission. The Working Group shall coordinate with existing Federal working groups and committees involved with broadband.

(5) MEMBERSHIP CHANGES.—The Director of the National Economic Council and the Director of the Office of Science and Technology Policy shall review, on a periodic basis, the membership of the Working Group to ensure that the Working Group—

(A) includes necessary Federal Government entities; and

(B) is an effective mechanism for coordinating among agencies on the policy described in subsection (b).

(b) FUNCTIONS OF WORKING GROUP.—

(1) CONSULTATION.—The Working Group shall consult with State, local, Tribal, and territorial governments, telecommunications companies, utilities, trade associations, philanthropic entities, policy experts, and other interested parties to identify, assess, and determine possible actions relating to barriers and opportunities for broadband deployment in rural areas.

(2) POINT OF CONTACT.—Not later than 15 days after the date of enactment of this Act, each member of the Working Group shall—

(A) designate a representative to serve as the main point of contact for matters relating to the Working Group; and

(B) notify the co-chairs of the Working Group of that designee.

(3) SURVEY.—Not later than 60 days after the date of enactment of this Act, based on information provided by the members of the Working Group, the Working Group shall publish a comprehensive survey of—

(A) Federal programs, including the allocated funding amounts, that currently support or could reasonably be modified to support broadband deployment and adoption; and

(B) all Federal agency-specific policies and rules with the direct or indirect effect of facilitating or regulating investment in, or deployment of, wired and wireless broadband networks.

(4) LIST OF ACTIONS.—Not later than 120 days after the date of enactment of this Act, the members of the Working Group shall submit to the Working Group an initial list of actions that each of the agencies could take to identify and

address regulatory barriers to, incentivize investment in, promote best practices within, align funding decisions with respect to, and otherwise support, wired broadband deployment and adoption.

(5) REPORT.—Not later than 150 days after the date of enactment of this Act, the Working Group shall submit to the President an agreed-to and prioritized list of recommendations of the Working Group on actions that Federal agencies can take to support broadband deployment and adoption, including—

- (A) a list of priority actions and rulemakings; and
- (B) timelines to complete the priority actions and rulemakings.

Subtitle C—Miscellaneous

SEC. 6301. EXCLUSION OF CERTAIN POPULATIONS FROM DEFINITION OF RURAL AREA.

(a) IN GENERAL.—Section 343(a)(13) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)) is amended—

(1) in subparagraph (A), by striking “(G)” and inserting “(I)”;

(2) by adding at the end the following:

“(H) EXCLUSION OF INCARCERATED POPULATIONS.—Populations of individuals incarcerated on a long-term or regional basis shall not be included in determining whether an area is ‘rural’ or a ‘rural area’.

“(I) LIMITED EXCLUSION OF MILITARY BASE POPULATIONS.—The first 1,500 individuals who reside in housing located on a military base shall not be included in determining whether an area is ‘rural’ or a ‘rural area’.”

(b) BROADBAND.—Section 601(b)(3) of the Rural Electrification Act of 1936 (7 U.S.C. 950bb(b)(3)) is amended by adding at the end the following:

“(C) EXCLUSION OF CERTAIN POPULATIONS.—Such term does not include any population described in subparagraph (H) or (I) of section 343(a)(13) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)).”

(c) DISTANCE LEARNING AND TELEMEDICINE LOANS AND GRANTS.—Section 2332 of the Food Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa-1) is amended by adding at the end the following:

“(4) RURAL AREA.—The term ‘rural area’ has the meaning given the term in section 601(b)(3) of the Rural Electrification Act of 1936.”

7 USC 2671.

SEC. 6302. ESTABLISHMENT OF TECHNICAL ASSISTANCE PROGRAM.

(a) DEFINITION.—In this section, the term ‘tribally designated housing entity’ has the meaning given the term in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103).

(b) IN GENERAL.—The Secretary shall, in coordination with the Office of Tribal Relations established under section 309 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6921), provide technical assistance to improve access by Tribal entities to rural development programs funded by the Department

of Agriculture through available cooperative agreement authorities of the Secretary.

(c) **TECHNICAL ASSISTANCE.**—Technical assistance provided under subsection (b) shall address the unique challenge of Tribal governments, Tribal producers, Tribal businesses, Tribal business entities, and tribally designated housing entities in accessing Department of Agriculture-supported rural infrastructure, rural cooperative development, rural business and industry, rural housing, and other rural development activities.

SEC. 6303. RURAL ENERGY SAVINGS PROGRAM.

Section 6407 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107a) is amended—

(1) in subsection (b)(2), by striking “efficiency.” and inserting “efficiency (including cost-effective on- or off-grid renewable energy or energy storage systems).”;

(2) in subsection (c)—

(A) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively;

(B) by inserting after paragraph (3) the following:

“(4) **ELIGIBILITY FOR OTHER LOANS.**—The Secretary shall not include any debt incurred by a borrower under this section in the calculation of the debt-equity ratio of the borrower for purposes of eligibility for loans under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.).”;

(C) in subparagraph (B) of paragraph (5) (as so redesignated), by striking “(6)” and inserting “(7)”; and

(D) by adding at the end the following:

“(9) **ACCOUNTING.**—The Secretary shall take appropriate steps to streamline the accounting requirements on borrowers under this section while maintaining adequate assurances of the repayment of the loans.”;

(3) in subsection (d)(1)—

(A) in subparagraph (A), by striking “3 percent” and inserting “5 percent”; and

(B) in subparagraph (D), by striking “electric” and inserting “recurring service”;

(4) by redesignating subsection (h) as subsection (i);

(5) by inserting after subsection (g) the following:

“(h) **PUBLICATION.**—Not later than 120 days after the end of each fiscal year, the Secretary shall publish a description of—

“(1) the number of applications received under this section for that fiscal year;

“(2) the number of loans made to eligible entities under this section for that fiscal year; and

“(3) the recipients of the loans described in paragraph (2).”;

(6) in subsection (i) (as so redesignated), by striking “2018” and inserting “2023”.

SEC. 6304. NORTHERN BORDER REGIONAL COMMISSION REAUTHORIZATION.

(a) **ADMINISTRATIVE EXPENSES OF REGIONAL COMMISSIONS.**—Section 15304(c)(3)(A) of title 40, United States Code, is amended by striking “unanimous” and inserting “majority”.

(b) **ECONOMIC AND INFRASTRUCTURE DEVELOPMENT GRANTS.**—Section 15501 of title 40, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (7), by striking “and” at the end;
 (B) by redesignating paragraph (8) as paragraph (9);

and

(C) by inserting after paragraph (7) the following:

“(8) to grow the capacity for successful community economic development in its region; and”;

(2) in subsection (b), by striking “paragraphs (1) through (3)” and inserting “paragraph (1), (2), (3), or (7)”;

(3) in subsection (f), by striking the period at the end and inserting “, except that financial assistance may be used as otherwise authorized by this subtitle to attract businesses to the region from outside the United States.”.

(c) STATE CAPACITY BUILDING GRANT PROGRAM.—

(1) DEFINITIONS.—In this subsection:

(A) COMMISSION.—The term “Commission” means the Northern Border Regional Commission established by section 15301(a)(3) of title 40, United States Code.

(B) COMMISSION STATE.—The term “Commission State” means each of the States of Maine, New Hampshire, New York, and Vermont.

(C) ELIGIBLE COUNTY.—The term “eligible county” means a county described in section 15733 of title 40, United States Code.

(D) PROGRAM.—The term “program” means the State capacity building grant program established under paragraph (2).

(2) ESTABLISHMENT.—Not later than 180 days after the date of enactment of this Act, the Commission shall establish a State capacity building grant program to provide grants to Commission States to carry out the purpose under paragraph (3).

(3) PURPOSE.—The purpose of the program is to support the efforts of the Commission—

(A) to better support business retention and expansion in eligible counties;

(B) to create programs to encourage job creation and workforce development in eligible counties;

(C) to prepare economic and infrastructure plans for eligible counties;

(D) to expand access to high-speed broadband in eligible counties;

(E) to provide technical assistance that results in Commission investments in transportation, water, wastewater, and other critical infrastructure;

(F) to create initiatives to increase the effectiveness of local development districts in eligible counties; and

(G) to implement new or innovative economic development practices that will better position the eligible counties of Commission States to compete in the global economy.

(4) USE OF FUNDS.—

(A) IN GENERAL.—Funds from a grant under the program may be used to support a project, program, or related expense of the Commission State in an eligible county.

(B) LIMITATION.—Funds from a grant under the program shall not be used for—

(i) the purchase of furniture, fixtures, or equipment;

(ii) the compensation of—

(I) any State member of the Commission (as described in section 15301(b)(1)(B) of title 40, United States Code); or

(II) any State alternate member of the Commission (as described in section 15301(b)(2)(B) of title 40, United States Code); or

(iii) the cost of supplanting existing State programs.

(5) ANNUAL WORK PLAN.—

(A) IN GENERAL.—For each fiscal year, before providing a grant under the program, each Commission State shall provide to the Commission an annual work plan that includes the proposed use of the grant.

(B) APPROVAL.—No grant under the program shall be provided to a Commission State unless the Commission has approved the annual work plan of the State.

(6) AMOUNT OF GRANT.—

(A) IN GENERAL.—The amount of a grant provided to a Commission State under the program for a fiscal year shall be based on the proportion that—

(i) the amount paid by the Commission State (including any amounts paid on behalf of the Commission State by a nonprofit organization) for administrative expenses for the applicable fiscal year (as determined under section 15304(c) of title 40, United States Code); bears to

(ii) the amount paid by all Commission States (including any amounts paid on behalf of a Commission State by a nonprofit organization) for administrative expenses for that fiscal year (as determined under that section).

(B) REQUIREMENT.—To be eligible to receive a grant under the program for a fiscal year, a Commission State (or a nonprofit organization on behalf of the Commission State) shall pay the amount of administrative expenses of the Commission State for the applicable fiscal year (as determined under section 15304(c) of title 40, United States Code).

(C) APPROVAL.—For each fiscal year, a grant provided under the program shall be approved and made available as part of the approval of the annual budget of the Commission.

(7) GRANT AVAILABILITY.—Funds from a grant under the program shall be available only during the fiscal year for which the grant is provided.

(8) REPORT.—Each fiscal year, each Commission State shall submit to the Commission and make publicly available a report that describes the use of the grant funds and the impact of the program in the State.

(9) FUNDING.—

(A) IN GENERAL.—There is authorized to be appropriated to carry out this subsection \$5,000,000 for each of fiscal years 2019 through 2023.

(B) SUPPLEMENT, NOT SUPPLANT.—Funds made available to carry out this subsection shall supplement and

not supplant funds made available for the Commission and other activities of the Commission.

(d) NORTHERN BORDER REGIONAL COMMISSION.—Section 15733 of title 40, United States Code, is amended—

(1) in paragraph (2)—

(A) by inserting “Belknap,” before “Carroll,”; and

(B) by inserting “Cheshire,” before “Coos,”;

(2) by striking paragraph (3) and inserting the following new paragraph:

“(3) NEW YORK.—The counties of Cayuga, Clinton, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Montgomery, Niagara, Oneida, Orleans, Oswego, Rensselaer, Saratoga, Schenectady, Seneca, St. Lawrence, Sullivan, Washington, Warren, Wayne, and Yates in the State of New York.”; and

(3) in paragraph (4)—

(A) by inserting “Addison, Bennington,” before “Cal-edonia,”;

(B) by inserting “Chittenden,” before “Essex,”;

(C) by striking “and” and inserting “Orange,” and

(D) by inserting “, Rutland, Washington, Windham, and Windsor” after “Orleans”.

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 15751(a) of title 40, United States Code, is amended by striking “\$30,000,000 for each of fiscal years 2008 through 2018” and inserting “\$33,000,000 for each of fiscal years 2019 through 2023”.

(f) VACANCIES.—Section 15301 of title 40, United States Code, is amended by adding at the end the following:

“(f) SUCCESSION.—Subject to the time limitations under section 3346 of title 5, the Federal Cochairperson may designate a Federal employee of the Commission to perform the functions and duties of the office of the Federal Cochairperson temporarily in an acting capacity if both the Federal Cochairperson and the alternate Federal Cochairperson die, resign, or otherwise are unable to perform the functions and duties of their offices.”.

(g) TECHNICAL AMENDMENTS.—Chapters 1, 2, 3, and 4 of sub-title V of title 40, United States Code, are redesignated as chapters 151, 153, 155, and 157, respectively.

40 USC
15101 prec.,
15301 prec.,
15501 prec.,
15701 prec.

SEC. 6305. DEFINITION OF RURAL AREA FOR PURPOSES OF THE HOUSING ACT OF 1949.

The second sentence of section 520 of the Housing Act of 1949 (42 U.S.C. 1490) is amended—

(1) by striking “or 2010 decennial census” and inserting “2010, or 2020 decennial census”;

(2) by striking “December 31, 2010,” and inserting “December 31, 2020,”; and

(3) by striking “year 2020” and inserting “year 2030”.

7 USC 2204b–3.

SEC. 6306. COUNCIL ON RURAL COMMUNITY INNOVATION AND ECONOMIC DEVELOPMENT.

(a) PURPOSE.—The purpose of this section is to enhance the efforts of the Federal Government to address the needs of rural areas in the United States by—

(1) establishing a council to better coordinate Federal programs directed to rural communities;

(2) maximizing the impact of Federal investment to promote economic prosperity and quality of life in rural communities in the United States; and

(3) using innovation to resolve local and regional challenges faced by rural communities.

(b) ESTABLISHMENT.—

(1) There is established a Council on Rural Community Innovation and Economic Development (referred to in this section as the “Council”).

(2) The Council shall be the successor to the Interagency Task Force on Agriculture and Rural Prosperity established by Executive Order 13790.

(c) MEMBERSHIP.—

(1) IN GENERAL.—The membership of the Council shall be composed of the heads of the following executive branch departments, agencies, and offices:

- (A) The Department of Agriculture.
- (B) The Department of the Treasury.
- (C) The Department of Defense.
- (D) The Department of Justice.
- (E) The Department of the Interior.
- (F) The Department of Commerce.
- (G) The Department of Labor.
- (H) The Department of Health and Human Services.
- (I) The Department of Housing and Urban Development.

- (J) The Department of Transportation.
- (K) The Department of Energy.
- (L) The Department of Education.
- (M) The Department of Veterans Affairs.
- (N) The Department of Homeland Security.
- (O) The Environmental Protection Agency.
- (P) The Federal Communications Commission.
- (Q) The Office of Management and Budget.
- (R) The Office of Science and Technology Policy.
- (S) The Office of National Drug Control Policy.
- (T) The Council of Economic Advisers.
- (U) The Domestic Policy Council.
- (V) The National Economic Council.
- (W) The Small Business Administration.
- (X) The Council on Environmental Quality.
- (Y) The White House Office of Public Engagement.
- (Z) The White House Office of Cabinet Affairs.

(AA) Such other executive branch departments, agencies, and offices as the President or the Secretary may, from time to time, designate.

(2) CHAIR.—The Secretary shall serve as the Chair of the Council.

(3) DESIGNEES.—A member of the Council may designate, to perform the Council functions of the member, a senior-level official who is—

- (A) part of the department, agency, or office of the member; and
- (B) a full-time officer or employee of the Federal Government.

(4) ADMINISTRATION.—The Council shall coordinate policy development through the rural development mission area.

(d) **FUNDING.**—The Secretary shall provide funding and administrative support for the Council to the extent permitted by law and within existing appropriations.

(e) **MISSION AND FUNCTION OF THE COUNCIL.**—The Council shall work across executive departments, agencies, and offices to coordinate development of policy recommendations—

(1) to maximize the impact of Federal investment on rural communities;

(2) to promote economic prosperity and quality of life in rural communities; and

(3) to use innovation to resolve local and regional challenges faced by rural communities.

(f) **DUTIES.**—The Council shall—

(1) make recommendations to the President, acting through the Director of the Domestic Policy Council and the Director of the National Economic Council, on streamlining and leveraging Federal investments in rural areas, where appropriate, to increase the impact of Federal dollars and create economic opportunities to improve the quality of life in rural areas in the United States;

(2) coordinate and increase the effectiveness of Federal engagement with rural stakeholders, including agricultural organizations, small businesses, education and training institutions, health-care providers, telecommunications services providers, electric service providers, transportation providers, research and land grant institutions, law enforcement, State, local, and tribal governments, and nongovernmental organizations regarding the needs of rural areas in the United States;

(3) coordinate Federal efforts directed toward the growth and development of rural geographic regions that encompass both metropolitan and nonmetropolitan areas;

(4) identify and facilitate rural economic opportunities associated with energy development, outdoor recreation, and other conservation related activities; and

(5) identify common economic and social challenges faced by rural communities that could be served through—

(A) better coordination of existing Federal and non-Federal resources; and

(B) innovative solutions utilizing governmental and nongovernmental resources.

(g) **EXECUTIVE DEPARTMENTS AND AGENCIES.**—

(1) **IN GENERAL.**—The heads of executive departments and agencies shall assist and provide information to the Council, consistent with applicable law, as may be necessary to carry out the functions of the Council.

(2) **EXPENSES.**—Each executive department or agency shall be responsible for paying any expenses of the executive department or agency for participating in the Council.

(h) **COUNCIL WORKING GROUPS.**—

(1) **IN GENERAL.**—The Council may establish, in addition to the working groups established under paragraph (3), such other working groups as necessary.

(2) **MEMBERSHIP.**—The Secretary shall include as members of each working group such Council members, other heads of Federal agencies (or their designees as defined in (d)(3)), and non-Federal partners as determined appropriate to the subject matter.

(3) REQUIRED WORKING GROUPS.—The working groups specified in this paragraph are each of the following:

(A) THE RURAL SMART COMMUNITIES WORKING GROUP.—

(i) ESTABLISHMENT.—The Council shall establish a Rural Smart Communities Working Group.

(ii) DUTIES.—The Rural Smart Communities Working Group shall—

(I) not later than 1 year after the establishment of such Working Group, submit to Congress a report describing efforts of rural areas to integrate smart technology into their communities to solve challenges relating to governance, economic development, quality of life, or other relevant rural issues, as determined by the Secretary; and

(II) create, publish, and maintain a resource guide designed to assist States and other rural communities in developing and implementing rural smart community programs.

(iii) SMART COMMUNITY DEFINED.—For the purposes of this subparagraph, the term “smart community” means a community that has the ability to integrate multiple technological solutions, in a secure fashion, to manage a community’s assets, including local government information systems, schools, libraries, transportation systems, hospitals, power plants, law enforcement, and other community services with the goal of promoting quality of life through the use of technology in ways that improve the efficiency of services and meet residents’ needs.

(B) JOBS ACCELERATOR WORKING GROUP.—

(i) ESTABLISHMENT.—The Council shall establish a Jobs Accelerator Working Group.

(ii) GOALS.—The Jobs Accelerator Working Group shall support rural jobs accelerators (as defined in section 379I(a)(4) of the Consolidated Farm and Rural Development Act)—

(I) to improve the ability of rural communities to create high-wage jobs, accelerate the formation of new businesses with high-growth potential, and strengthen regional economies, including by helping to build capacity in the applicable region to achieve those goals; and

(II) to help rural communities identify and maximize local assets and connect to regional opportunities, networks, and industry clusters that demonstrate high growth potential.

(iii) DUTIES.—The Jobs Accelerator Working Group shall—

(I) provide the public with available information and technical assistance on Federal resources relevant to a project and region;

(II) establish a Federal support team comprised of staff from participating agencies in the working group that shall provide coordinated and dedicated support services to rural jobs accelerators; and

(III) provide opportunities for rural jobs accelerators to share best practices and further collaborate with one another.

Subtitle D—Additional Amendments to the Consolidated Farm and Rural Development Act

SEC. 6401. STRATEGIC ECONOMIC AND COMMUNITY DEVELOPMENT.

Section 379H of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008v) is amended to read as follows:

“SEC. 379H. STRATEGIC ECONOMIC AND COMMUNITY DEVELOPMENT.

“(a) **IN GENERAL.**—In the case of any program under this title or administered by the Secretary, acting through the rural development mission area, as determined by the Secretary (referred to in this section as a ‘covered program’), the Secretary shall give priority to an application for a project that, as determined and approved by the Secretary—

“(1) meets the applicable eligibility requirements of this title or the other applicable authorizing law;

“(2) will be carried out in a rural area; and

“(3) supports the implementation of a strategic community investment plan described in subsection (d) on a multisectoral and multijurisdictional basis, to include considerations for improving and expanding broadband services as needed.

“(b) **RESERVE.**—

“(1) **IN GENERAL.**—Subject to paragraph (2), the Secretary shall reserve not more than 15 percent of the funds made available for a fiscal year for covered programs for projects that support the implementation of a strategic community investment plan described in subsection (d) on a multisectoral and multijurisdictional basis.

“(2) **PERIOD.**—Any funds reserved under paragraph (1) shall only be reserved for the 1-year period beginning on the date on which the funds were first made available, as determined by the Secretary.

“(c) **APPROVED APPLICATIONS.**—

“(1) **IN GENERAL.**—Subject to paragraph (2), any applicant who submitted an application under a covered program that was approved before the date of enactment of this section may amend the application to qualify for the funds reserved under subsection (b).

“(2) **RURAL UTILITIES.**—Any applicant who submitted an application under paragraph (2), (14), or (24) of section 306(a), or section 306A or 310B(b), that was approved by the Secretary before the date of enactment of this section shall be eligible for the funds reserved under subsection (b)—

“(A) on the same basis as an application submitted under this section; and

“(B) until September 30, 2019.

“(d) **STRATEGIC COMMUNITY INVESTMENT PLANS.**—

“(1) **IN GENERAL.**—The Secretary shall provide assistance to rural communities in developing strategic community investment plans.

“(2) PLANS.—A strategic community investment plan described in paragraph (1) shall include—

“(A) a variety of activities designed to facilitate the vision of a rural community for the future, including considerations for improving and expanding broadband services as needed;

“(B) participation by multiple stakeholders, including local and regional partners;

“(C) leverage of applicable regional resources;

“(D) investment from strategic partners, such as—

“(i) private organizations;

“(ii) cooperatives;

“(iii) other government entities;

“(iv) Indian Tribes; and

“(v) philanthropic organizations;

“(E) clear objectives with the ability to establish measurable performance metrics;

“(F) action steps for implementation; and

“(G) any other elements necessary to ensure that the plan results in a comprehensive and strategic approach to rural economic development, as determined by the Secretary.

“(3) COORDINATION.—The Secretary shall coordinate with Indian Tribes and local, State, regional, and Federal partners to develop strategic community investment plans under this subsection.

“(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection \$5,000,000 for each of fiscal years 2019 through 2023, to remain available until expended.”.

SEC. 6402. EXPANDING ACCESS TO CREDIT FOR RURAL COMMUNITIES.

(a) CERTAIN PROGRAMS UNDER THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.—Section 343(a)(13) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)) is amended—

(1) in subparagraph (B)—

(A) in the heading, by striking “AND GUARANTEED”;

and

(B) in the text—

(i) by striking “and guaranteed”; and

(ii) by striking “(1), (2), and (24)” and inserting “(1) and (2)”; and

(2) in subparagraph (C)—

(A) by striking “and guaranteed”; and

(B) by striking “(21), and (24)” and inserting “and

(21)”.

(b) POPULATION CAPS FOR GUARANTEED LENDING.—Section 306(a)(24) of such Act (7 U.S.C. 1926(a)(24)) is amended by adding at the end the following:

“(D) PRIORITY.—

“(i) WATER OR WASTE FACILITY.—The Secretary shall prioritize water and waste facility projects under this paragraph in rural areas with a population of not more than 10,000 people.

“(ii) COMMUNITY FACILITY.—Of the funds made available to carry out this paragraph for community

facility loan guarantees for a fiscal year the following amounts shall be reserved for projects in rural areas with a population of not more than 20,000 inhabitants:

“(I) 100 percent of the first \$200,000,000 so made available;

“(II) 50 percent of the next \$200,000,000 so made available; and

“(III) 25 percent of all amounts exceeding \$400,000,000 so made available,

except that, to the extent that the Secretary demonstrates that the funds so reserved are not needed to finance a community facility project in such a rural area, the Secretary may use the funds for other community facility projects in accordance with this paragraph.”.

SEC. 6403. WATER, WASTE DISPOSAL, AND WASTEWATER FACILITY GRANTS.

Section 306(a)(2)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)(B)) is amended—

(1) in clause (iii), by striking “\$100,000” each place it appears and inserting “\$200,000”; and

(2) in clause (vii), by striking “\$30,000,000 for each of fiscal years 2008 through 2018” and inserting “\$15,000,000 for each of fiscal years 2019 through 2023”.

SEC. 6404. RURAL WATER AND WASTEWATER TECHNICAL ASSISTANCE AND TRAINING PROGRAMS.

Section 306(a)(14) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(14)) is amended—

(1) in subparagraph (A)—

(A) in clause (ii), by striking “and” at the end;

(B) in clause (iii), by striking the period and inserting a semicolon; and

(C) by adding at the end the following:

“(iv) identify options to enhance the long-term sustainability of rural water and waste systems, including operational practices, revenue enhancements, partnerships, consolidation, regionalization, or contract services; and

“(v) address the contamination of drinking water and surface water supplies by emerging contaminants, including per- and polyfluoroalkyl substances.”; and

(2) in subparagraph (C)—

(A) by striking “1 nor more than 3” and inserting “3 percent and not more than 5”; and

(B) by striking “1 per centum” and inserting “3 percent”.

SEC. 6405. RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.

Section 306(a)(22)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(22)(B)) is amended by striking “\$20,000,000 for fiscal year 2014 and each fiscal year thereafter” and inserting “\$25,000,000 for each of fiscal years 2019 through 2023”.

SEC. 6406. TRIBAL COLLEGE AND UNIVERSITY ESSENTIAL COMMUNITY FACILITIES.

Section 306(a)(25)(C) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(25)(C)) is amended by striking “2018” and inserting “2023”.

SEC. 6407. EMERGENCY AND IMMINENT COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

(a) IN GENERAL.—Section 306A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a) is amended—

(1) in subsection (b)(1), by striking “; and” and inserting the following: “, particularly to projects to address contamination that—

“(A) poses a threat to human health or the environment; and

“(B) was caused by circumstances beyond the control of the applicant for a grant, including circumstances that occurred over a period of time; and”;

(2) in subsection (d)(1)(D), by inserting “, other than those covered above for not to exceed 120 days when a more permanent solution is not feasible in a shorter time frame. Where drinking water supplies are inadequate due to an event, as determined by the Secretary, including drought, severe weather, or contamination, the Secretary may provide potable water for an additional period of time not to exceed an additional 120 days in order to protect public health” before the period;

(3) in subsection (e)(1)(B), by striking “according to the most recent decennial census of the United States”;

(4) in subsection (f)(1), by striking “\$500,000” and inserting “\$1,000,000”; and

(5) in subsection (i)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking “3 nor more than 5” and inserting “5 percent and not more than 7”; and

(ii) by striking subparagraph (B) and inserting the following:

“(B) RELEASE.—

“(i) IN GENERAL.—Funds reserved under subparagraph (A) for a fiscal year shall be reserved only until July 1 of the fiscal year.

“(ii) EXCEPTION.—Notwithstanding clause (i), in response to an eligible community where the drinking water supplies are inadequate, as determined by the Secretary, due to an event, including drought, severe weather, or contamination, the Secretary may use funds described in subparagraph (A) from July 1 through September 30 each fiscal year to provide potable water under this section in order to protect public health.”; and

(B) in paragraph (2), by striking “\$35,000,000 for each of fiscal years 2008 through 2018” and inserting “\$50,000,000 for each of fiscal years 2019 through 2023”.

(b) INTERAGENCY TASK FORCE ON RURAL WATER QUALITY.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this section, the Secretary shall coordinate

an interagency task force to examine drinking water and surface water contamination in rural communities, particularly rural communities that are in close proximity to active or decommissioned military installations in the United States.

(2) MEMBERSHIP.—The interagency task force shall consist of—

- (A) the Secretary;
- (B) the Secretary of the Army, acting through the Chief of Engineers;
- (C) the Secretary of Health and Human Services, acting through—
 - (i) the Director of the Agency for Toxic Substances and Disease Registry; and
 - (ii) the Director of the Centers for Disease Control and Prevention;
- (D) the Secretary of Housing and Urban Development;
- (E) the Secretary of the Interior, acting through—
 - (i) the Director of the United States Fish and Wildlife Service; and
 - (ii) the Director of the United States Geological Survey;
- (F) the Administrator of the Environmental Protection Agency; and
- (G) representatives from rural drinking and wastewater entities, State and community regulators, and appropriate scientific experts that reflect a diverse cross-section of the rural communities described in paragraph (1).

(3) REPORT.—

(A) IN GENERAL.—Not later than 360 days after the date of enactment of this section, the task force shall submit to the committees described in subparagraph (B) a report that—

- (i) examines, and identifies issues relating to, water contamination in rural communities, particularly rural communities that are in close proximity to active or decommissioned military installations in the United States;
- (ii) reviews the extent to which Federal, State, and local government agencies coordinate with one another to address the issues identified under clause (i);
- (iii) recommends how Federal, State, and local government agencies can work together in the most effective, efficient, and cost-effective manner practicable, to address the issues identified under clause (i); and
- (iv) recommends changes to existing statutory requirements, regulatory requirements, or both, to improve interagency coordination and responsiveness to address the issues identified under clause (i).

(B) COMMITTEES DESCRIBED.—The committees referred to in subparagraph (A) are—

- (i) the Committee on Agriculture of the House of Representatives;
- (ii) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

- (iii) the Committee on Energy and Commerce of the House of Representatives;
- (iv) the Committee on Environment and Public Works of the Senate;
- (v) the Committee on Armed Services of the House of Representatives; and
- (vi) the Committee on Armed Services of the Senate.

SEC. 6408. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

Section 306D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926d) is amended—

(1) in subsection (a), by striking “Alaska for” and inserting “Alaska, a consortium formed pursuant to section 325 of the Department of the Interior and Related Agencies Appropriations Act, 1998 (Public Law 105–83; 111 Stat. 1597), and Native villages (as defined in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602)) for”;

(2) in subsection (b), by inserting “for any grant awarded under subsection (a)” before the period at the end; and

(3) in subsection (d)—

(A) in paragraph (1), by striking “2018” and inserting “2023”; and

(B) in paragraph (2), by striking “Alaska” and inserting “Alaska, and not more than 2 percent of the amount made available under paragraph (1) for a fiscal year may be used by a consortium formed pursuant to section 325 of the Department of the Interior and Related Agencies Appropriations Act, 1998 (Public Law 105–83; 111 Stat. 1597),”.

SEC. 6409. RURAL DECENTRALIZED WATER SYSTEMS.

Section 306E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926e) is amended—

(1) by striking the section heading and inserting “**RURAL DECENTRALIZED WATER SYSTEMS**”;

(2) in subsection (a), by striking “100” and inserting “60”;

(3) in subsection (b)—

(A) in paragraph (1)—

(i) by inserting “and subgrants” after “loans”; and

(ii) by inserting “and individually owned household decentralized wastewater systems” after “well systems”;

(B) by striking paragraph (2) and inserting the following:

“(2) **TERMS AND AMOUNTS.**—

“(A) **TERMS OF LOANS.**—A loan made with grant funds under this section—

“(i) shall have an interest rate of 1 percent; and

“(ii) shall have a term not to exceed 20 years.

“(B) **AMOUNTS.**—A loan or subgrant made with grant funds under this section shall not exceed \$15,000 for each water well system or decentralized wastewater system described in paragraph (1).”; and

(C) by adding at the end the following:

“(4) **GROUND WELL WATER CONTAMINATION.**—In the event of ground well water contamination, the Secretary shall allow a loan or subgrant to be made with grant funds under this

section for the installation of water treatment where needed beyond the point of entry, with or without the installation of a new water well system.”;

(4) in subsection (c), by striking “productive use of individually-owned household water well systems” and inserting “effective use of individually owned household water well systems, individually owned household decentralized wastewater systems,”; and

(5) in subsection (d)—

(A) by striking “\$5,000,000” and inserting “\$20,000,000”; and

(B) by striking “2014 through 2018” and inserting “2019 through 2023”.

SEC. 6410. SOLID WASTE MANAGEMENT GRANTS.

Section 310B(b)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(b)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 6411. RURAL BUSINESS DEVELOPMENT GRANTS.

Section 310B(c)(4)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(c)(4)(A)) is amended by striking “2018” and inserting “2023”.

SEC. 6412. RURAL COOPERATIVE DEVELOPMENT GRANTS.

(a) **IN GENERAL.**—Section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)) is amended—

(1) in paragraph (10), by inserting “(including research and analysis based on data from the latest available Economic Census conducted by the Bureau of the Census)” after “conduct research”; and

(2) in paragraph (13), by striking “2018” and inserting “2023”.

(b) **TECHNICAL CORRECTION.**—Section 310B(e)(11)(B)(i) of such Act (7 U.S.C. 1932(e)(11)(B)(i)) is amended by striking “(12)” and inserting “(13)”.

SEC. 6413. LOCALLY OR REGIONALLY PRODUCED AGRICULTURAL FOOD PRODUCTS.

Section 310B(g)(9)(B)(iv)(I) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(g)(9)(B)(iv)(I)) is amended by striking “2018” and inserting “2023”.

SEC. 6414. APPROPRIATE TECHNOLOGY TRANSFER FOR RURAL AREAS PROGRAM.

Section 310B(i)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(i)(4)) is amended by striking “2018” and inserting “2023”.

SEC. 6415. RURAL ECONOMIC AREA PARTNERSHIP ZONES.

Section 310B(j) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(j)) is amended by striking “2018” and inserting “2023”.

SEC. 6416. INTEMEDIARY RELENDING PROGRAM.

Section 310H of the Consolidated Farm and Rural Development Act (7 U.S.C. 1936b) is amended—

(1) by redesignating subsection (e) as subsection (i);

(2) by inserting after subsection (d) the following:

“(e) **LIMITATION ON LOAN AMOUNTS.**—The maximum amount of a loan by an eligible entity described in subsection (b) to individuals and entities for a project under subsection (c), including the unpaid balance of any existing loans, shall be the lesser of—

“(1) \$400,000; and

“(2) 50 percent of the loan to the eligible entity under subsection (a).

“(f) **APPLICATIONS.**—

“(1) **IN GENERAL.**—To be eligible to receive a loan or loan guarantee under subsection (a), an eligible entity described in subsection (b) shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

“(2) **EVALUATION.**—In evaluating applications submitted under paragraph (1), the Secretary shall—

“(A)(i) take into consideration the previous performance of an eligible entity in carrying out projects under subsection (c); and

“(ii) in the case of satisfactory performance under clause (i), require the eligible entity to contribute less equity for subsequent loans without modifying the priority given to subsequent applications; and

“(B) in assigning priorities to applications, require an eligible entity to demonstrate that it has a governing or advisory board made up of business, civic, and community leaders who are representative of the communities of the service area, without limitation to the size of the service area.

“(g) **RETURN OF EQUITY.**—The Secretary shall establish a schedule that is consistent with the amortization schedules of the portfolio of loans made or guaranteed under subsection (a) for the return of any equity contribution made under this section by an eligible entity described in subsection (b), if the eligible entity is—

“(1) current on all principal and interest payments; and

“(2) in compliance with loan covenants.

“(h) **REGULATIONS.**—The Secretary shall promulgate regulations and establish procedures reducing the administrative requirements on eligible entities described in subsection (b), including regulations to carry out the amendments made to this section by the Agriculture Improvement Act of 2018.”; and

(3) in subsection (i) (as so redesignated), by striking “2018” and inserting “2023”.

SEC. 6417. ACCESS TO INFORMATION TO VERIFY INCOME FOR PARTICIPANTS IN CERTAIN RURAL HOUSING PROGRAMS.

Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981), as amended by section 6210(a) of this Act, is amended by adding at the end the following:

“(f) **ACCESS TO INFORMATION TO VERIFY INCOME FOR PARTICIPANTS IN CERTAIN RURAL HOUSING PROGRAMS.**—The Secretary and the designees of the Secretary are hereby granted the same access to information and subject to the same requirements applicable to the Secretary of Housing and Urban Development as provided in section 453 of the Social Security Act (42 U.S.C. 653) and section 6103(l)(7)(D)(ix) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(l)(7)(D)(ix)) to verify income for individuals participating in

sections 502, 504, 521, and 542 of the Housing Act of 1949 (42 U.S.C. 1472, 1474, 1490a, and 1490r), notwithstanding section 453(l) of the Social Security Act.”

SEC. 6418. PROVIDING FOR ADDITIONAL FEES FOR GUARANTEED LOANS UNDER THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.

Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended—

- (1) by striking “and” at the end of paragraph (5);
- (2) by striking the period at the end of paragraph (6) and inserting “; and”; and
- (3) by adding at the end the following:

“(7) in the case of an insured or guaranteed loan issued or modified under section 306(a), charge and collect from the lender fees in such amounts as to bring down the costs of subsidies for the insured or guaranteed loan, except that the fees shall not act as a bar to participation in the programs nor be inconsistent with current practices in the marketplace.”

SEC. 6419. RURAL BUSINESS-COOPERATIVE SERVICE PROGRAMS TECHNICAL ASSISTANCE AND TRAINING.

The Consolidated Farm and Rural Development Act is amended by inserting after section 367, as added by section 5306 of this Act, the following:

7 USC 2008c.

“SEC. 368. RURAL BUSINESS-COOPERATIVE SERVICE PROGRAMS TECHNICAL ASSISTANCE AND TRAINING.

“(a) **IN GENERAL.**—The Secretary may make grants to public bodies, private nonprofit corporations, economic development authorities, institutions of higher education, federally recognized Indian Tribes, and rural cooperatives for the purpose of providing or obtaining technical assistance and training to support funding applications for programs carried out by the Secretary, acting through the Administrator of the Rural Business-Cooperative Service.

“(b) **PURPOSES.**—A grant under subsection (a) may be used—

- “(1) to assist communities in identifying and planning for business and economic development needs;
- “(2) to identify public and private resources to finance business and small and emerging business needs;
- “(3) to prepare reports and surveys necessary to request financial assistance for businesses in rural communities; and
- “(4) to prepare applications for financial assistance.

“(c) **SELECTION PRIORITY.**—In selecting recipients of grants under this section, the Secretary shall give priority to grants serving persistent poverty counties and high poverty communities, as determined by the Secretary.

“(d) **FUNDING.**—

“(1) **IN GENERAL.**—There is authorized to be appropriated to carry out this section \$5,000,000 for each of fiscal years 2019 through 2023, to remain available until expended.

“(2) **AVAILABILITY.**—Any amounts authorized to be appropriated under paragraph (1) for any fiscal year that are not appropriated for that fiscal year may be appropriated for the immediately succeeding fiscal year.”

SEC. 6420. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

Section 378 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008m) is amended in each of subsections (g)(1) and (h), by striking “2018” and inserting “2023” each place it appears.

SEC. 6421. GRANTS FOR NOAA WEATHER RADIO TRANSMITTERS.

Section 379B(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008p(d)) is amended by striking “2018” and inserting “2023”.

SEC. 6422. RURAL MICROENTREPRENEUR ASSISTANCE PROGRAM.

Section 379E of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008s) is amended—

(1) in subsection (b)(4)(B)(ii)—

(A) in the clause heading, by striking “MAXIMUM AMOUNT” and inserting “AMOUNT”;

(B) by inserting “not less than 20 percent and” before “not more than 25 percent”; and

(C) by striking the period at the end and inserting the following: “, subject to—

“(I) satisfactory performance by the microenterprise development organization under this section, and

“(II) the availability of funding.”; and

(2) by striking subsection (d) and inserting the following:

“(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$20,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 6423. HEALTH CARE SERVICES.

Section 379G(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008u(e)) is amended by striking “2018” and inserting “2023”.

SEC. 6424. RURAL INNOVATION STRONGER ECONOMY GRANT PROGRAM.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) is amended by adding at the end the following:

“SEC. 379I. RURAL INNOVATION STRONGER ECONOMY GRANT PROGRAM.

7 USC 2008w.

“(a) DEFINITIONS.—In this section:

“(1) ELIGIBLE ENTITY.—The term ‘eligible entity’ means a rural jobs accelerator partnership established after the date of enactment of this section that—

“(A) organizes key community and regional stakeholders into a working group that—

“(i) focuses on the shared goals and needs of the industry clusters that are objectively identified as existing, emerging, or declining;

“(ii) represents a region defined by the partnership in accordance with subparagraph (B);

“(iii) includes 1 or more representatives of—

“(I) an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001));

- “(II) a private entity; or
- “(III) a government entity; and
- “(iv) has, as a lead applicant—
 - “(I) a District Organization (as defined in section 300.3 of title 13, Code of Federal Regulations (or a successor regulation));
 - “(II) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304)), or a consortium of Indian tribes;
 - “(III) a State or a political subdivision of a State, including a special purpose unit of a State or local government engaged in economic development activities, or a consortium of political subdivisions;
 - “(IV) an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) or a consortium of institutions of higher education; or
 - “(V) a public or private nonprofit organization;
- and
- “(B) subject to approval by the Secretary, may—
 - “(i) serve a region that is—
 - “(I) a single jurisdiction; or
 - “(II) if the region is a rural area, multijurisdictional; and
 - “(ii) define the region that the partnership represents, if the region—
 - “(I) is large enough to contain critical elements of the industry cluster prioritized by the partnership;
 - “(II) is small enough to enable close collaboration among members of the partnership;
 - “(III) includes a majority of communities that are located in—
 - “(aa) a nonmetropolitan area that qualifies as a low-income community (as defined in section 45D(e) of the Internal Revenue Code of 1986); and
 - “(bb) an area that has access to or has a plan to achieve broadband service (within the meaning of title VI of the Rural Electrification Act of 1936 (7 U.S.C. 950bb et seq.)); and
 - “(IV)(aa) has a population of 50,000 or fewer inhabitants; or
 - “(bb) for a region with a population of more than 50,000 inhabitants, is the subject of a positive determination by the Secretary with respect to a rural-in-character petition, including such a petition submitted concurrently with the application of the partnership for a grant under this section.

“(2) INDUSTRY CLUSTER.—The term ‘industry cluster’ means a broadly defined network of interconnected firms and supporting institutions in related industries that accelerate innovation, business formation, and job creation by taking advantage of assets and strengths of a region in the business environment.

“(3) HIGH-WAGE JOB.—The term ‘high-wage job’ means a job that provides a wage that is greater than the median wage for the applicable region, as determined by the Secretary.

“(4) JOBS ACCELERATOR.—The term ‘jobs accelerator’ means a jobs accelerator center or program located in or serving a low-income rural community that may provide co-working space, in-demand skills training, entrepreneurship support, and any other services described in subsection (d)(1)(B).

“(5) SMALL AND DISADVANTAGED BUSINESS.—The term ‘small and disadvantaged business’ has the meaning given the term ‘small business concern owned and controlled by socially and economically disadvantaged individuals’ in section 8(d)(3)(C) of the Small Business Act (15 U.S.C. 637(d)(3)(C)).

“(b) ESTABLISHMENT.—

“(1) IN GENERAL.—The Secretary shall establish a grant program under which the Secretary shall award grants, on a competitive basis, to eligible entities to establish jobs accelerators, including related programming, that—

“(A) improve the ability of distressed rural communities to create high-wage jobs, accelerate the formation of new businesses with high-growth potential, and strengthen regional economies, including by helping to build capacity in the applicable region to achieve those goals; and

“(B) help rural communities identify and maximize local assets and connect to regional opportunities, networks, and industry clusters that demonstrate high growth potential.

“(2) COST-SHARING.—

“(A) IN GENERAL.—The Federal share of the cost of any activity carried out using a grant made under paragraph (1) shall be not greater than 80 percent.

“(B) IN-KIND CONTRIBUTIONS.—The non-Federal share of the total cost of any activity carried out using a grant made under paragraph (1) may be in the form of donations or in-kind contributions of goods or services fairly valued.

“(3) SELECTION CRITERIA.—In selecting eligible entities to receive grants under paragraph (1), the Secretary shall consider—

“(A) the commitment of participating core stakeholders in the jobs accelerator partnership, including a demonstration that—

“(i) investment organizations, including venture development organizations, venture capital firms, revolving loan funders, angel investment groups, community lenders, community development financial institutions, rural business investment companies, small business investment companies (as defined in section 103 of the Small Business Investment Act of 1958 (15 U.S.C. 662)), philanthropic organizations, and other institutions focused on expanding access to capital, are committed partners in the jobs accelerator partnership and willing to potentially invest in projects emerging from the jobs accelerator; and

“(ii) institutions of higher education, applied research institutions, workforce development entities, and community-based organizations are willing to partner with the jobs accelerator to provide workers

with skills relevant to the industry cluster needs of the region, with an emphasis on the use of on-the-job training, registered apprenticeships, customized training, classroom occupational training, or incumbent worker training;

“(B) the ability of the eligible entity to provide the non-Federal share as required under paragraph (2);

“(C) the identification of a targeted industry cluster;

“(D) the ability of the partnership to link rural communities to markets, networks, industry clusters, and other regional opportunities and assets;

“(E) other grants or loans of the Secretary and other Federal agencies that the jobs accelerator would be able to leverage; and

“(F) prospects for the proposed center and related programming to have sustainability beyond the full maximum length of assistance under this subsection, including the maximum number of renewals.

“(4) GRANT TERM AND RENEWALS.—

“(A) TERM.—The initial term of a grant under paragraph (1) shall be 4 years.

“(B) RENEWAL.—The Secretary may extend the term of a grant under paragraph (1) for an additional period of not longer than 2 years if the Secretary is satisfied, using the evaluation under subsection (e)(2), that the grant recipient has successfully established a jobs accelerator and related programming.

“(5) GEOGRAPHIC DISTRIBUTION.—To the maximum extent practicable, the Secretary shall provide grants under paragraph (1) for jobs accelerators and related programming in not fewer than 25 States at any time.

“(c) GRANT AMOUNT.—A grant awarded under subsection (b) may be in an amount equal to—

“(1) not less than \$500,000; and

“(2) not more than \$2,000,000.

“(d) USE OF FUNDS.—

“(1) IN GENERAL.—Subject to paragraph (2), funds from a grant awarded under subsection (b) may be used—

“(A) to construct, purchase, or equip a building to serve as an innovation center;

“(B) to support programs to be carried out at, or in direct partnership with, the jobs accelerator that support the objectives of the jobs accelerator, including—

“(i) linking rural communities and entrepreneurs to markets, networks, industry clusters, and other regional opportunities to support high-wage job creation, new business formation, business expansion, and economic growth;

“(ii) integrating small businesses into a supply chain;

“(iii) creating or expanding commercialization activities for new business formation;

“(iv) identifying and building assets in rural communities that are crucial to supporting regional economies;

“(v) facilitating the repatriation of high-wage jobs to the United States;

“(vi) supporting the deployment of innovative processes, technologies, and products;

“(vii) enhancing the capacity of small businesses in regional industry clusters, including small and disadvantaged businesses;

“(viii) increasing United States exports and business interaction with international buyers and suppliers;

“(ix) developing the skills and expertise of local workforces, entrepreneurs, and institutional partners to meet the needs of employers and prepare workers for high-wage jobs in the identified industry clusters, including the upskilling of incumbent workers;

“(x) ensuring rural communities have the capacity and ability to carry out projects relating to housing, community facilities, infrastructure, or community and economic development to support regional industry cluster growth; or

“(xi) any other activities that the Secretary may determine to be appropriate.

“(2) REQUIREMENT.—

“(A) IN GENERAL.—Subject to subparagraph (B), not more than 10 percent of a grant awarded under subsection (b) shall be used for indirect costs associated with administering the grant.

“(B) INCREASE.—The Secretary may increase the percentage described in subparagraph (A) on a case-by-case basis.

“(e) ANNUAL ACTIVITY REPORT AND EVALUATION.—Not later than 1 year after receiving a grant under this section, and annually thereafter for the duration of the grant, an eligible entity shall—

“(1) report to the Secretary on the activities funded with the grant; and

“(2)(A) evaluate the progress that the eligible entity has made toward the strategic objectives identified in the application for the grant; and

“(B) measure that progress using performance measures during the project period, which may include—

“(i) high-wage jobs created;

“(ii) high-wage jobs retained;

“(iii) private investment leveraged;

“(iv) businesses improved;

“(v) new business formations;

“(vi) new products or services commercialized;

“(vii) improvement of the value of existing products or services under development;

“(viii) regional collaboration, as measured by such metrics as—

“(I) the number of organizations actively engaged in the industry cluster;

“(II) the number of symposia held by the industry cluster, including organizations that are not located in the immediate region defined by the partnership; and

“(III) the number of further cooperative agreements;

“(ix) the number of education and training activities relating to innovation;

“(x) the number of jobs relocated from outside of the United States to the region;

“(xi) the amount and number of new equity investments in industry cluster firms;

“(xii) the amount and number of new loans to industry cluster firms;

“(xiii) the dollar increase in exports resulting from the project activities;

“(xiv) the percentage of employees for which training was provided;

“(xv) improvement in sales of participating businesses;

“(xvi) improvement in wages paid at participating businesses;

“(xvii) improvement in income of participating workers;

or

“(xviii) any other measure the Secretary determines to be appropriate.

“(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 6425. DELTA REGIONAL AUTHORITY.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 382M(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–12(a)) is amended by striking “2008 through 2018” and inserting “2019 through 2023”.

(b) TERMINATION OF AUTHORITY.—Section 382N of such Act (7 U.S.C. 2009aa–13) is amended by striking “2018” and inserting “2023”.

SEC. 6426. RURAL BUSINESS INVESTMENT PROGRAM.

(a) DEFINITIONS.—Section 384A of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009cc) is amended—

(1) in paragraph (2)—

(A) in the paragraph heading, by striking “VENTURE”;

and

(B) by striking “venture”; and

(2) by striking paragraph (4) and inserting the following:

“(4) EQUITY CAPITAL.—The term ‘equity capital’ means—

“(A) common or preferred stock or a similar instrument,

including subordinated debt with equity features; and

“(B) any other type of equity-like financing that might be necessary to facilitate the purposes of this Act, excluding financing such as senior debt or other types of financing that competes with routine loanmaking of commercial lenders.”.

(b) PURPOSES.—Section 384B of such Act (7 U.S.C. 2009cc–1) is amended—

(1) in paragraph (1), by striking “venture”; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking “venture”; and

(B) in subparagraph (B), by striking “venture”.

(c) SELECTION OF RURAL BUSINESS INVESTMENT COMPANIES.—Section 384D(b)(1) of such Act (7 U.S.C. 2009cc–3(b)(1)) is amended by striking “developmental venture” and inserting “developmental”.

(d) FEES.—Section 384G of such Act (7 U.S.C. 2009cc–6) is amended—

(1) in subsections (a) and (b), by striking “a fee that does not exceed \$500” each place it appears and inserting “such fees as the Secretary considers appropriate, so long as those fees are proportionally equal for each rural business investment company,”; and

(2) in subsection (c)(2)—

(A) in subparagraph (B), by striking “solely to cover the costs of licensing examinations” and inserting “as the Secretary considers appropriate”; and

(B) by striking subparagraph (C) and inserting the following:

“(C) shall be in such amounts as the Secretary considers appropriate.”.

(e) LIMITATION ON RURAL BUSINESS INVESTMENT COMPANIES CONTROLLED BY FARM CREDIT SYSTEM INSTITUTIONS.—Section 384J(c) of such Act (7 U.S.C. 2009cc–9(c)) is amended by striking “25” and inserting “50”.

(f) FLEXIBILITY ON SOURCES OF INVESTMENT OR CAPITAL.—Section 384J(a) of such Act (7 U.S.C. 2009cc–9(a)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(2) by striking the subsection designation and heading and all that follows through “Except as” in the matter preceding subparagraph (A) (as so redesignated) and inserting the following:

“(a) INVESTMENT.—

“(1) IN GENERAL.—Except as”; and

(3) by adding at the end the following:

“(2) LIMITATION ON REQUIREMENTS.—The Secretary may not require that an entity described in paragraph (1) provide investment or capital that is not required of other companies eligible to apply to operate as a rural business investment company under section 384D(a).”.

SEC. 6427. RURAL BUSINESS INVESTMENT PROGRAM.

Section 384S of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009cc–18) is amended by striking “2018” and inserting “2023”.

Subtitle E—Additional Amendments to the Rural Electrification Act of 1936

SEC. 6501. AMENDMENTS TO SECTION 2 OF THE RURAL ELECTRIFICATION ACT OF 1936.

(a) ELECTRIC LOAN REFINANCING.—Section 2(a) of the Rural Electrification Act of 1936 (7 U.S.C. 902(a)) is amended by striking “loans in” and inserting “loans, or refinance loans made by the Secretary under this Act, in”.

(b) TECHNICAL ASSISTANCE FOR RURAL ELECTRIFICATION LOANS.—Section 2 of such Act (7 U.S.C. 902) is amended by adding at the end the following:

“(c) TECHNICAL ASSISTANCE.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall enter into a memorandum of understanding with the Secretary of Energy

under which the Secretary of Energy shall provide technical assistance to the Rural Utilities Service on loans to be made under subsection (a) of this section and section 4(a).”.

SEC. 6502. LOANS FOR TELEPHONE SERVICE.

Section 201 of the Rural Electrification Act of 1936 (7 U.S.C. 922) is amended—

(1) by striking the section designation and all that follows through “From such sums” and inserting the following:

“SEC. 201. LOANS FOR TELEPHONE SERVICE.

“From such sums”;

(2) in the second sentence, by striking “associations:” and all that follows through “same subscribers.” and inserting “associations.”; and

(3) in the sixth sentence, by striking “, nor shall such loan be made in any State” and all that follows through “writing)” in the seventh sentence and inserting the following: “and”.

SEC. 6503. CUSHION OF CREDIT PAYMENTS PROGRAM.

Section 313(a) of the Rural Electrification Act of 1936 (7 U.S.C. 940c(a)) is amended—

(1) in paragraph (1)—

(A) by striking “(1) IN GENERAL.—The” and inserting the following:

“(1) IN GENERAL.—

“(A) DEVELOPMENT AND PROMOTION OF PROGRAM.—The”; and

(B) by adding after and below the end the following:

“(B) TERMINATION.—Effective on the date of enactment of this subparagraph, no deposits may be made under subparagraph (A).”;

(2) in paragraph (2)—

(A) by striking “(2) INTEREST.—Amounts” and inserting the following:

“(2) INTEREST.—

“(A) IN GENERAL.—Amounts”; and

(B) by adding after and below the end the following:

“(B) REDUCTION.—Notwithstanding subparagraph (A), amounts in each cushion of credit account shall accrue interest to the borrower at a rate equal to—

“(i) 4 percent per annum in fiscal year 2021; and

“(ii) the then applicable 1-year Treasury rate thereafter.”; and

(3) in paragraph (3)—

(A) by striking “(3) BALANCE.—A” and inserting the following:

“(3) BALANCE.—

“(A) IN GENERAL.—A”; and

(B) by after and below the end the following:

“(B) PREPAYMENT.—Notwithstanding subparagraph (A) and subject to subparagraph (C), beginning on the date of the enactment of this subparagraph and ending with September 30, 2020, a borrower may, at the sole discretion of the borrower, reduce the balance of its cushion of credit account if the amount obtained from the reduction is used to prepay loans made or guaranteed under this Act.

“(C) NO PREPAYMENT PREMIUM.—Notwithstanding any other provision of this Act, no prepayment premium shall be imposed or collected with respect to that portion of a loan that is prepaid by a borrower in accordance with subparagraph (B).

“(D) MANDATORY FUNDING.—Notwithstanding section 504 of the Federal Credit Reform Act of 1990, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall make available such sums as necessary to cover any loan modification costs as defined in section 502 of such Act.”

SEC. 6504. EXTENSION OF THE RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM.

(a) Section 12(b)(3)(D) of the Rural Electrification Act of 1936 (7 U.S.C. 912(b)(3)(D)) is amended by striking “313(b)(2)(A)” and inserting “313(b)(2)”.

(b) Section 313(b)(2) of such Act (7 U.S.C. 940c(b)(2)) is amended—

(1) by striking all that precedes “shall maintain” and inserting the following:

“(2) RURAL ECONOMIC DEVELOPMENT SUBACCOUNT.—The Secretary”; and

(2) by striking “the 5 percent” and all that follows through subparagraph (E) and inserting “5 percent.”

(c) Title III of such Act (7 U.S.C. 931–940h) is amended by inserting after section 313A the following:

“SEC. 313B. RURAL DEVELOPMENT LOANS AND GRANTS.

7 USC 940c–2.

“(a) IN GENERAL.—The Secretary shall provide grants or zero interest loans to borrowers under this Act for the purpose of promoting rural economic development and job creation projects, including funding for project feasibility studies, start-up costs, incubator projects, and other reasonable expenses for the purpose of fostering rural development.

“(b) REPAYMENTS.—In the case of zero interest loans, the Secretary shall establish such reasonable repayment terms as will encourage borrower participation.

“(c) PROCEEDS.—All proceeds from the repayment of such loans made under this section shall be returned to the subaccount that the Secretary shall maintain in accordance with sections 313(b)(2) and 313B(f).

“(d) NUMBER OF GRANTS.—Loans and grants required under this section shall be made to the full extent of the amounts made available under subsection (e).

“(e) FUNDING.—

“(1) DISCRETIONARY FUNDING.—In addition to other funds that are available to carry out this section, there is authorized to be appropriated not more than \$10,000,000 for each of fiscal years 2019 through 2023 to carry out this section, to remain available until expended.

“(2) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall credit to the subaccount to use for the cost of grants and loans under this section \$5,000,000 for each of fiscal years 2022 and 2023, to remain available until expended.

“(3) OTHER FUNDS.—In addition to the funds described in paragraphs (1) and (2), the Secretary shall use, without

fiscal year limitation, to provide grants and loans under this section—

“(A) the interest differential sums credited to the subaccount described in subsection (c); and

“(B) subject to section 313A(e)(2), the fees described in subsection (c)(4) of such section.

“(f) MAINTENANCE OF ACCOUNT.—The Secretary shall maintain the subaccount described in section 313(b)(2), as in effect in fiscal year 2017, for purposes of carrying out this section.”

(d) Section 313A of the Rural Electrification Act of 1936 (7 U.S.C. 940c-1) is amended—

(1) in subsection (c)(4)—

(A) in subparagraph (A), by striking “maintained under section 313(b)(2)(A)” and inserting “that shall be maintained as required by sections 313(b)(2) and 313B(f)”; and

(B) in subparagraph (B), by striking “313(b)(2)(B)” and inserting “313(b)(2)”; and

(2) in subsection (e)(2), by striking “maintained under section 313(b)(2)(A)” and inserting “required to be maintained by sections 313(b)(2) and 313B(f)”.

(e)(1) Subject to section 313B(e) of the Rural Electrification Act of 1936 (as added by this section), the Secretary of Agriculture shall carry out the loan and grant program required under such section in the same manner as the loan and grant program under section 313(b)(2) of such Act is carried out on the day before the date of the enactment of this Act, until such time as any regulations necessary to carry out the amendments made by this section are fully implemented.

(2) Paragraph (1) shall take effect on the date of the enactment of this Act.

SEC. 6505. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

(a) IN GENERAL.—Section 313A of the Rural Electrification Act of 1936 (7 U.S.C. 940c-1) is amended—

(1) in subsection (a)—

(A) by striking “Subject to” and inserting the following: “(1) GUARANTEES.—Subject to”;

(B) in paragraph (1) (as so designated), by striking “basis” and all that follows through the period at the end and inserting “basis, if the proceeds of the bonds or notes are used to make utility infrastructure loans, or refinance bonds or notes issued for those purposes, to a borrower that has at any time received, or is eligible to receive, a loan under this Act.”; and

(C) by adding at the end the following:

“(2) TERMS.—A bond or note guaranteed under this section shall, by agreement between the Secretary and the borrower—

“(A) be for a term of 30 years (or another term of years that the Secretary determines is appropriate); and

“(B) be repaid by the borrower—

“(i) in periodic installments of principal and interest;

“(ii) in periodic installments of interest and, at the end of the term of the bond or note, as applicable, by the repayment of the outstanding principal; or

7 USC 940c-2
note.

- “(iii) through a combination of the methods described in clauses (i) and (ii).”;
- (2) in subsection (b)—
- (A) in paragraph (1), by striking “electrification” and all that follows through the period at the end and inserting “purposes described in subsection (a)(1).”;
- (B) by striking paragraph (2);
- (C) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and
- (D) in paragraph (2) (as so redesignated)—
- (i) in subparagraph (A), by striking “for electrification or telephone purposes” and inserting “for eligible purposes described in subsection (a)(1).”;
- (ii) in subparagraph (C), by striking “subsection (a)” and inserting “subsection (a)(1).”;
- (3) in subsection (f), by striking “2018” and inserting “2023”.

(b) ADMINISTRATION.—Beginning on the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall continue to carry out section 313A of the Rural Electrification Act of 1936 (7 U.S.C. 940c–1) (as amended by subsection (a)) under a Notice of Solicitation of Applications until the date on which any regulations necessary to carry out the amendments made by subsection (a) are fully implemented.

7 USC 940c–1
note.

SEC. 6506. EXPANSION OF 911 ACCESS.

Section 315 of the Rural Electrification Act of 1936 (7 U.S.C. 940e) is amended—

- (1) in subsection (a)(2), by striking “commercial or transportation” and inserting “critical transportation-related”; and
- (2) in subsection (d), by striking “2018” and inserting “2023”.

SEC. 6507. CYBERSECURITY AND GRID SECURITY IMPROVEMENTS.

Title III of the Rural Electrification Act of 1936 (7 U.S.C. 931 et seq.) is amended by adding at the end the following:

“SEC. 319. CYBERSECURITY AND GRID SECURITY IMPROVEMENTS.

7 USC 940i.

“(a) DEFINITION OF CYBERSECURITY AND GRID SECURITY IMPROVEMENTS.—In this section, the term ‘cybersecurity and grid security improvements’ means investment in the development, expansion, and modernization of rural utility infrastructure that addresses known cybersecurity and grid security risks.

“(b) LOANS AND LOAN GUARANTEES.—The Secretary may make or guarantee loans under this title and title I for cybersecurity and grid security improvements.”.

Subtitle F—Program Repeals

SEC. 6601. ELIMINATION OF UNFUNDED PROGRAMS.

(a) CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.—

(1) REPEALERS.—The following provisions of the Consolidated Farm and Rural Development Act are hereby repealed:

- (A) Section 306(a)(23) (7 U.S.C. 1926(a)(23)).
- (B) Section 310B(f) (7 U.S.C. 1932(f)).
- (C) Section 379 (7 U.S.C. 2008n).
- (D) Section 379A (7 U.S.C. 2008o).
- (E) Section 379C (7 U.S.C. 2008q).

(F) Section 379D (7 U.S.C. 2008r).

(G) Section 379F (7 U.S.C. 2008t).

(H) Subtitle I (7 U.S.C. 2009dd–2009dd–7).

(2) CONFORMING AMENDMENT.—Section 333A(h) of such Act (7 U.S.C. 1983a(h)) is amended by striking “310B(f),”.

(b) RURAL ELECTRIFICATION ACT OF 1936.—Section 314 of the Rural Electrification Act of 1936 (7 U.S.C. 940d) is hereby repealed.

SEC. 6602. REPEAL OF RURAL TELEPHONE BANK.

(a) REPEAL.—Title IV of the Rural Electrification Act of 1936 (7 U.S.C. 941–950b) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 18 of such Act (7 U.S.C. 918) is amended in each of subsections (a) and (b) by striking “and the Governor of the telephone bank”.

(2) Section 204 of such Act (7 U.S.C. 925) is amended by striking “and the Governor of the telephone bank”.

(3) Section 205(a) of such Act (7 U.S.C. 926) is amended—

(A) in the matter preceding paragraph (1), by striking “and the Governor of the telephone bank”; and

(B) in paragraph (2), by striking “or the Governor of the telephone bank”.

(4) Section 206(a) of such Act (7 U.S.C. 927(a)) is amended—

(A) in the matter preceding paragraph (1), by striking “and the Governor of the telephone bank”;

(B) by striking paragraph (1);

(C) in paragraph (4), by striking “or 408”; and

(D) by redesignating paragraphs (2) through (4) as paragraphs (1) through (3), respectively.

(5) Section 206(b) of such Act (7 U.S.C. 927(b)) is amended—

(A) in the matter preceding paragraph (1), by striking “and the Governor of the telephone bank”;

(B) in paragraph (1), by striking “, or a Rural Telephone Bank loan,”; and

(C) in paragraph (2), by striking “, the Rural Telephone Bank,”.

(6) Section 207(1) of such Act (7 U.S.C. 928(1)) is amended—

(A) by striking “305,” and inserting “305 or”; and

(B) by striking “, or a loan under section 408,”.

(7) Section 301 of such Act (7 U.S.C. 931) is amended—

(A) in paragraph (3), by striking “except for net collection proceeds previously appropriated for the purchase of class A stock in the Rural Telephone Bank,”;

(B) by adding “or” at the end of paragraph (4);

(C) by striking “; and” at the end of paragraph (5) and inserting a period; and

(D) by striking paragraph (6).

(8) Section 305(d)(2)(B) of such Act (7 U.S.C. 935(d)(2)(B)) is amended—

(A) in clause (i), by striking “and a loan under section 408”; and

(B) in clause (ii), by striking “and under section 408” each place it appears.

(9) Section 305(d)(3)(C) of such Act (7 U.S.C. 935(d)(3)(C)) is amended by striking “and section 408(b)(4)(C), the Secretary and the Governor of the telephone bank” and inserting “the Secretary”.

(10) Section 306 of such Act (7 U.S.C. 936) is amended by striking “the Rural Telephone Bank, National Rural Utilities Cooperative Finance Corporation,” and inserting “the National Rural Utilities Cooperative Finance Corporation”.

(11) Section 309 of such Act (7 U.S.C. 739) is amended by striking the last sentence.

(12) Section 2352(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 901 note) is amended by striking “the Rural Telephone Bank and”.

(13) The first section of Public Law 92–12 (7 U.S.C. 921a) is repealed.

(14) The first section of Public Law 92–324 (7 U.S.C. 921b) is repealed.

(15) Section 1414 of the Omnibus Budget Reconciliation Act of 1987 (7 U.S.C. 944a) is repealed.

(16) Section 1411 of the Omnibus Budget Reconciliation Act of 1987 (7 U.S.C. 948 notes) is amended by striking subsections (a) and (b).

(17) Section 3.8(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(A)) is amended by striking “or a loan or loan commitment from the Rural Telephone Bank,”.

(18) Section 105(d) of the National Consumer Cooperative Bank Act (12 U.S.C. 3015(d)) is amended by striking “the Rural Telephone Bank,”.

(19) Section 9101 of title 31, United States Code, is amended—

(A) in paragraph (2), by striking subparagraph (H) and redesignating subparagraphs (I), (J), and (K) as subparagraphs (H), (I), and (J), respectively; and

(B) in paragraph (3), by striking subparagraphs (K) and (O) and redesignating subparagraphs (L) through (N) and (P) through (R) as subparagraphs (K) through (P), respectively.

(20) Section 9108(d)(2) of title 31, United States Code, is amended by striking “the Rural Telephone Bank (when the ownership, control, and operation of the Bank are converted under section 410(a) of the Rural Electrification Act of 1936 (7 U.S.C. 950(a))),”.

SEC. 6603. AMENDMENTS TO LOCAL TV ACT.

The Launching Our Communities’ Access to Local Television Act of 2000 (title X of H.R. 5548 of the 106th Congress, as enacted by section 1(a)(2) of Public Law 106–553; 114 Stat. 2762A–128) is amended—

(1) by striking the title heading and inserting the following:

“TITLE X—SATELLITE CARRIER RETRANSMISSION ELIGIBILITY”;

(2) by striking sections 1001 through 1007 and 1009 through 1012; and

(3) by redesignating section 1008 as section 1001.

47 USC 1101
and note,
1102–1110.

Subtitle G—Technical Corrections

SEC. 6701. CORRECTIONS RELATING TO THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.

(a)(1) Section 306(a)(19)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)(A)) is amended by inserting after “nonprofit corporations” the following: “, Indian Tribes (as defined in section 4(e) of the Indian Self-Determination and Education Assistance Act)”.

7 USC 1926 note.

(2) The amendment made by this subsection shall take effect as if included in section 773 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (H.R. 5426 of the 106th Congress, as enacted by Public Law 106–387 (114 Stat. 1549A–45)) in lieu of the amendment made by such section.

(b)(1) Section 309A(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929a(b)) is amended by striking “and section 308”.

7 USC 1929a note.

(2) The amendment made by this subsection shall take effect as if included in the enactment of section 661(c)(2) of the Federal Agricultural Improvement and Reform Act of 1996 (Public Law 104–127).

(c) Section 310B(c)(3)(A)(v) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(c)(3)(A)(v)) is amended by striking “and” after the semicolon and inserting “or”.

(d)(1) Section 310B(e)(5)(F) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)(5)(F)) is amended by inserting “, except that the Secretary shall not require non-Federal financial support in an amount that is greater than 5 percent in the case of a 1994 institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382))” before the period at the end.

7 USC 1932 note.

(2) The amendment made by this subsection shall take effect as if included in the enactment of section 6015 of the Farm Security and Rural Investment Act of 2002 (Public Law 107–171).

(e)(1) Section 381E(d)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009d(d)(3)) is amended by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

7 USC 2009d note.

(2) The amendment made by paragraph (1) shall take effect as if included in the enactment of section 6012(b) of the Agricultural Act of 2014 (Public Law 113–79).

(f)(1) Section 382A of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa) is amended by adding at the end the following:

“(4) Notwithstanding any other provision of law, the State of Alabama shall be a full member of the Delta Regional Authority and shall be entitled to all rights and privileges that said membership affords to all other participating States in the Delta Regional Authority.”.

7 USC 2009aa note.

(2) The amendment made by this subsection shall take effect as if included in the enactment of section 153(b) of division B of H.R. 5666, as introduced in the 106th Congress, and as enacted by section 1(4) of the Consolidated Appropriations Act, 2001 (Appendix D of Public Law 106–554; 114 Stat. 2763A–252).

(g) Section 382E(a)(1)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa-4(a)(1)(B)) is amended by moving clause (iv) 2 ems to the right.

(h) Section 383G(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009bb-5(c)) is amended—

(1) in the subsection heading by striking “TELECOMMUNICATION RENEWABLE ENERGY,” and inserting “TELECOMMUNICATION, RENEWABLE ENERGY,”; and

(2) in the text, by striking “,” and inserting a comma.

SEC. 6702. CORRECTIONS RELATING TO THE RURAL ELECTRIFICATION ACT OF 1936.

Section 201 of the Rural Electrification Act of 1936 (7 U.S.C. 922) is amended—

(1) in the 3rd sentence by striking “wildest” and inserting “widest”; and

(2) in the 6th sentence, by striking “centifies” and inserting “certifies”.

**TITLE VII—RESEARCH, EXTENSION,
AND RELATED MATTERS**

Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

SEC. 7101. PURPOSES OF AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended—

(1) in paragraph (7), by striking “and” at the end;

(2) in paragraph (8), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(9) support international collaboration that leverages resources and advances priority food and agricultural interests of the United States, such as—

“(A) addressing emerging plant and animal diseases;

“(B) improving crop varieties and animal breeds; and

“(C) developing safe, efficient, and nutritious food systems.”.

SEC. 7102. MATTERS RELATED TO CERTAIN SCHOOL DESIGNATIONS AND DECLARATIONS.

(a) **IN GENERAL.**—Section 1404(14) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(14)) is amended—

(1) by amending subparagraph (A) to read as follows:

“(A) **IN GENERAL.**—

“(i) **DEFINITION.**—The terms ‘NLGCA Institution’ and ‘non-land-grant college of agriculture’ mean a public college or university offering a baccalaureate or higher degree in the study of agricultural sciences, forestry, or both in any area of study specified in clause (ii).

“(ii) CLARIFICATION.—For purposes of clause (i), an area of study specified in this clause is any of the following:

“(I) Agriculture.

“(II) Agricultural business and management.

“(III) Agricultural economics.

“(IV) Agricultural mechanization.

“(V) Agricultural production operations.

“(VI) Aquaculture.

“(VII) Agricultural and food products processing.

“(VIII) Agricultural and domestic animal services.

“(IX) Equestrian or equine studies.

“(X) Applied horticulture or horticulture operations.

“(XI) Ornamental horticulture.

“(XII) Greenhouse operations and management.

“(XIII) Turf and turfgrass management.

“(XIV) Plant nursery operations and management.

“(XV) Floriculture or floristry operations and management.

“(XVI) International agriculture.

“(XVII) Agricultural public services.

“(XVIII) Agricultural and extension education services.

“(XIX) Agricultural communication or agricultural journalism.

“(XX) Animal sciences.

“(XXI) Food science.

“(XXII) Plant sciences.

“(XXIII) Soil sciences.

“(XXIV) Forestry.

“(XXV) Forest sciences and biology.

“(XXVI) Natural resources or conservation.

“(XXVII) Natural resources management and policy.

“(XXVIII) Natural resource economics.

“(XXIX) Urban forestry.

“(XXX) Wood science and wood products or pulp or paper technology.

“(XXXI) Range science and management.

“(XXXII) Agricultural engineering.

“(XXXIII) Any other area, as determined appropriate by the Secretary.”; and

(2) in subparagraph (C)—

(A) in the matter preceding clause (i), by inserting “any institution designated under” after “include”;

(B) by striking clause (i); and

(C) in clause (ii)—

(i) by striking “(ii) any institution designated under—”;

(ii) by striking subclause (IV);

(iii) in subclause (II), by adding “or” at the end;

(iv) in subclause (III), by striking “; or” at the end and inserting a period; and

(v) by redesignating subclauses (I), (II), and (III) (as so amended) as clauses (i), (ii), and (iii), respectively, and by moving the margins of such clauses (as so redesignated) two ems to the left.

(b) DESIGNATION REVIEW.—

7 USC 3103 note.

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary shall establish a process to review each designated NLGCA Institution (as defined in section 1404(14)(A) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(14)(A))) to ensure compliance with such section, as amended by this subsection.

(2) REVOCATION.—An NLGCA Institution that the Secretary determines under subparagraph (A) to be not in compliance shall have the designation of such institution revoked.

SEC. 7103. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

Section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking “25” and inserting “15”; and

(B) by amending paragraph (3) to read as follows:

“(3) MEMBERSHIP CATEGORIES.—The Advisory Board shall consist of members from each of the following categories:

“(A) 3 members representing national farm or producer organizations, which may include members—

“(i) representing farm cooperatives;

“(ii) who are producers actively engaged in the production of a food animal commodity and who are recommended by a coalition of national livestock organizations;

“(iii) who are producers actively engaged in the production of a plant commodity and who are recommended by a coalition of national crop organizations;

or
“(iv) who are producers actively engaged in aquaculture and who are recommended by a coalition of national aquacultural organizations.

“(B) 2 members representing academic or research societies, which may include members representing—

“(i) a national food animal science society;

“(ii) a national crop, soil, agronomy, horticulture, plant pathology, or weed science society;

“(iii) a national food science organization;

“(iv) a national human health association; or

“(v) a national nutritional science society.

“(C) 5 members representing agricultural research, extension, and education, which shall include each of the following:

“(i) 1 member representing the land-grant colleges and universities eligible to receive funds under the Act of July 2, 1862 (7 U.S.C. 301 et seq.).

“(ii) 1 member representing the land-grant colleges and universities eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee University.

“(iii) 1 member representing the 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)).

“(iv) 1 member representing NLGCA Institutions or Hispanic-serving institutions.

“(v) 1 member representing American colleges of veterinary medicine.

“(D) 5 members representing industry, consumer, or rural interests, including members representing—

“(i) entities engaged in transportation of food and agricultural products to domestic and foreign markets;

“(ii) food retailing and marketing interests;

“(iii) food and fiber processors;

“(iv) rural economic development interests;

“(v) a national consumer interest group;

“(vi) a national forestry group;

“(vii) a national conservation or natural resource group;

“(viii) a national social science association;

“(ix) private sector organizations involved in international development; or

“(x) a national association of agricultural economists.”;

(2) in subsection (c)—

(A) in paragraph (1)—

(i) in the matter preceding subparagraph (A), by striking “review and” and inserting “make recommendations, review, and”;

(ii) by striking subparagraph (A) and inserting the following new subparagraph:

“(A) long-term and short-term national policies and priorities consistent with the—

“(i) purposes specified in section 1402 for agricultural research, extension, education, and economics; and

“(ii) priority areas of the Agriculture and Food Research Initiative specified in subsection (b)(2) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 3157(b)(2));”;

(iii) by amending subparagraph (B) to read as follows:

“(B) the annual establishment of national priorities that are in accordance with the priority areas of the Agriculture and Food Research Initiative specified in subsection (b)(2) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 3157(b)(2)).”;

(B) in paragraph (2), by inserting “and make recommendations to the Secretary based on such evaluation” after “priorities”; and

(C) in paragraph (4), by inserting “and make recommendations on” after “review”; and

(3) in subsection (h), by striking “2018” and inserting “2023”.

SEC. 7104. SPECIALTY CROP COMMITTEE.

Section 1408A(a)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123a(a)(2)) is amended—

(1) in subparagraph (A), by striking “speciality” and inserting “specialty”;

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking “9” and inserting “11”; and

(B) in clause (i), by striking “Three” and inserting “Five”; and

(3) in subparagraph (D), by striking “2018” and inserting “2023”.

SEC. 7105. RENEWABLE ENERGY COMMITTEE DISCONTINUED.

Subtitle B of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121 et seq.) is amended by striking section 1408B.

7 USC 3123b.

SEC. 7106. VETERINARY SERVICES GRANT PROGRAM.

Section 1415B of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151b) is amended—

(1) in subsection (d)(1), by adding at the end the following:

“(F) To expose students in grades 11 and 12 to education and career opportunities in food animal medicine.”; and

(2) in subsection (h)—

(A) by striking the subsection designation and heading and inserting the following:

“(h) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—”; and

(B) by adding at the end the following:

“(2) PRIORITY.—From amounts made available for grants under this section, the Secretary shall prioritize grant awards for programs or activities with a focus on the practice of food animal medicine.”.

SEC. 7107. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURE SCIENCES EDUCATION.

Section 1417(m)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(m)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 7108. AGRICULTURAL AND FOOD POLICY RESEARCH CENTERS.

Section 1419A(e) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155(e)) is amended by striking “2018” and inserting “2023”.

SEC. 7109. EDUCATION GRANTS TO ALASKA NATIVE SERVING INSTITUTIONS AND NATIVE HAWAIIAN SERVING INSTITUTIONS.

Section 1419B of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3156) is amended—

(1) in subsection (a)(3), by striking “2018” and inserting “2023”; and

(2) in subsection (b)(3), by striking “2018” and inserting “2023”.

SEC. 7110. NEXT GENERATION AGRICULTURE TECHNOLOGY CHALLENGE.

Subtitle C of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151 et seq.) is amended by adding at the end the following:

7 USC 3158.

“SEC. 1419C. NEXT GENERATION AGRICULTURE TECHNOLOGY CHALLENGE.

“(a) IN GENERAL.—The Secretary shall establish a next generation agriculture technology challenge competition to provide an incentive for the development of innovative mobile technology that removes barriers to entry in the marketplace for beginning farmers and ranchers (as defined in subsection (a) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279)).

“(b) AMOUNT.—The Secretary may award not more than \$1,000,000 in the aggregate to 1 or more winners of the competition under subsection (a).”.

SEC. 7111. LAND-GRANT DESIGNATION.

Subtitle C of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151 et seq.), as amended by section 7110, is further amended by adding at the end the following new section:

7 USC 3159.

“SEC. 1419D. LAND-GRANT DESIGNATION.

“(a) PROHIBITION ON DESIGNATION.—

“(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in paragraphs (2) and (3), beginning on the date of the enactment of this section, no additional entity may be designated as eligible to receive funds under a covered program.

“(2) 1994 INSTITUTIONS.—The prohibition under paragraph (1) with respect to the designation of an entity eligible to receive funds under a covered program shall not apply in the case of the certification of a 1994 Institution under section 2 of Public Law 87-788 (commonly known as the “McIntire-Stennis Cooperative Forestry Act”) (16 U.S.C. 582a-1).

“(3) EXTRAORDINARY CIRCUMSTANCES.—In the case of extraordinary circumstances or a situation that would lead to an inequitable result, as determined by the Secretary, the Secretary may determine that an entity designated after the date of enactment of this section is eligible to receive funds under a covered program.

“(b) STATE FUNDING.—No State shall receive an increase in funding under a covered program as a result of the State’s designation of additional entities as eligible to receive such funding.

“(c) COVERED PROGRAM DEFINED.—For purposes of this section, the term ‘covered program’ means agricultural research, extension, education, and related programs or grants established or available under any of the following:

“(1) Subsections (b), (c), and (d) of section 3 of the Smith-Lever Act (7 U.S.C. 343).

“(2) The Hatch Act of 1887 (7 U.S.C. 361a et seq.).

“(3) Sections 1444, 1445, and 1447.

“(4) Public Law 87-788 (commonly known as the McIntire-Stennis Cooperative Forestry Act; 16 U.S.C. 582a et seq.).

“(d) **RULE OF CONSTRUCTION.**—Nothing in this section shall be construed as limiting eligibility for a capacity and infrastructure program specified in section 251(f)(1)(C) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971(f)(1)(C)) that is not a covered program.”.

SEC. 7112. NUTRITION EDUCATION PROGRAM.

Section 1425 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175) is amended—

(1) by redesignating subsection (f) as subsection (g);

(2) by inserting after subsection (e) the following:

“(f) **COORDINATION.**—Projects carried out with funds made available under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), to carry out the program established under subsection (b) may be coordinated with the nutrition education and obesity prevention grant program under section 28 of the Food and Nutrition Act of 2008 (7 U.S.C. 2036a) or another health promotion or nutrition improvement strategy, whether publicly or privately funded, as determined by the Secretary.”; and

(3) in subsection (g) (as so redesignated), by striking “2018” and inserting “2023”.

SEC. 7113. CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS.

Section 1433(c)(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(c)(1)) is amended by striking “2018” and inserting “2023”.

SEC. 7114. CARRYOVER OF FUNDS FOR EXTENSION AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

Section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by striking paragraph (4).

SEC. 7115. EXTENSION AND AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

(a) **EXTENSION.**—Section 1444(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(b)) is amended—

(1) in the undesignated matter following paragraph (2)(B)—

(A) by striking “paragraph (2) of this subsection” and inserting “this paragraph”; and

(B) by striking “In computing” and inserting the following:

“(C) In computing”;

(2) in paragraph (2)—

(A) in subparagraph (B), by striking “Of the remainder” and inserting “Except as provided in paragraph (4), of the remainder”; and

(B) by striking “(2) any funds” and inserting the following:

“(3) **ADDITIONAL AMOUNT.**—Any funds”;

(3) in paragraph (1)—

(A) by striking “are allocated” and inserting “were allocated”; and

(B) by striking “; and” and inserting “, as so designated as of that date.”;

(4) by striking “(b) Beginning” in the matter preceding paragraph (1) and all that follows through “any funds” in paragraph (1) and inserting the following:

“(b) DISTRIBUTION OF FUNDS.—

“(1) IN GENERAL.—Funds made available under this section shall be distributed among eligible institutions in accordance with this subsection.

“(2) BASE AMOUNT.—Any funds”; and

(5) by adding at the end the following:

“(4) SPECIAL AMOUNTS.—

“(A) DEFINITIONS.—In this paragraph:

“(i) COVERED FISCAL YEAR.—The term ‘covered fiscal year’ means the fiscal year for which the qualified institution first received an allocation of \$3,000,000 under subparagraph (B)(i).

“(ii) OTHER ELIGIBLE INSTITUTION.—The term ‘other eligible institution’ means an eligible institution, other than the qualified eligible institution, receiving an allocation of funds under this section.

“(iii) QUALIFIED ELIGIBLE INSTITUTION.—The term ‘qualified eligible institution’ means the eligible institution described in subparagraph (B)(i).

“(B) FISCAL YEAR 2019, 2020, 2021, OR 2022.—

“(i) IN GENERAL.—Subject to clause (ii), for 1 of fiscal year 2019, 2020, 2021, or 2022, if the calculation under paragraph (3)(B) would result in a distribution for a fiscal year of less than \$3,000,000 to an eligible institution that first received funds under this section on a date occurring after the date of enactment of the Agricultural Act of 2014 (Public Law 113-79; 128 Stat. 649) and before September 30, 2018, that institution shall receive an allocation of \$3,000,000 for that fiscal year.

“(ii) LIMITATION.—Clause (i) shall apply only if amounts are appropriated under this section in an amount sufficient to provide that each other eligible institution receiving an allocation of funds under this section for fiscal year 2019, 2020, 2021, or 2022, as applicable, receives not less than the amount of funds received by that other eligible institution under this section for the preceding fiscal year.

“(C) SUBSEQUENT FISCAL YEARS.—

“(i) MINIMUM ADDITIONAL FUNDING AMOUNTS.—Subject to clauses (ii) and (iii), for each fiscal year following the covered fiscal year—

“(I) the qualified eligible institution shall receive an allocation under this subsection of at least \$3,000,000; and

“(II) each other eligible institution shall receive an allocation under this subsection of at least the amount received by such other eligible institution under this subsection for the covered fiscal year.

“(ii) SHORTFALL OF SPECIAL AMOUNTS.—

“(I) APPLICABILITY.—This clause shall apply to any fiscal year following the covered fiscal year and for which the total amount appropriated under

this section is insufficient to provide for the minimum additional funding amounts described in clause (i).

“(II) REDUCTIONS IN ALLOCATIONS.—In the case of a fiscal year to which this clause applies, reductions in allocations shall be made proportionally from the qualified eligible institution and from each other eligible institution based on the increased amounts (if any) that the qualified eligible institution and each other eligible institution were allocated for the covered fiscal year as compared to the fiscal year immediately preceding the covered fiscal year.

“(iii) EFFECT OF CENSUS.—Clauses (i) and (ii) shall not apply in any fiscal year for which a shortfall in the minimum additional funding amounts described in clause (i) is attributable to the incorporation of new census data into the calculation under paragraph (3), as determined by the Secretary.”.

(b) RESEARCH.—Section 1445(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(b)) is amended—

(1) in paragraph (2)—

(A) by adding at the end the following:

“(D) SPECIAL AMOUNTS.—

“(i) DEFINITIONS.—In this subparagraph:

“(I) COVERED FISCAL YEAR.—The term ‘covered fiscal year’ means the fiscal year for which the qualified eligible institution first received an allocation of \$3,000,000 under clause (ii)(I).

“(II) OTHER ELIGIBLE INSTITUTION.—The term ‘other eligible institution’ means an eligible institution, other than the qualified eligible institution, receiving an allocation of funds under this section.

“(III) QUALIFIED ELIGIBLE INSTITUTION.—The term ‘qualified eligible institution’ means the eligible institution described in clause (ii)(I).

“(ii) FISCAL YEAR 2019, 2020, 2021, OR 2022.—

“(I) IN GENERAL.—Subject to subclause (II), for 1 of fiscal year 2019, 2020, 2021, or 2022, if the calculation under subparagraph (C) would result in a distribution for a fiscal year of less than \$3,000,000 to an eligible institution that first received funds under this section on a date occurring after the date of enactment of the Agricultural Act of 2014 (Public Law 113–79; 128 Stat. 649) and before September 30, 2018, that institution shall receive an allocation of \$3,000,000 for that fiscal year.

“(II) LIMITATION.—Subclause (I) shall apply only if amounts are appropriated under this section in an amount sufficient to provide that each other eligible institution receiving an allocation of funds under this section for fiscal year 2019, 2020, 2021, or 2022, as applicable, receives not less than the amount of funds received by that other eligible

institution under this section for the preceding fiscal year.

“(iii) SUBSEQUENT FISCAL YEARS.—

“(I) MINIMUM ADDITIONAL FUNDING AMOUNTS.—Subject to subclauses (II) and (III), for each fiscal year following the covered fiscal year—

“(aa) the qualified eligible institution shall receive an allocation under this paragraph of at least \$3,000,000; and

“(bb) each other eligible institution shall receive an allocation under this paragraph of at least the amount received by such other eligible institution under this subsection for the covered fiscal year.

“(II) SHORTFALL OF SPECIAL AMOUNTS.—

“(aa) APPLICABILITY.—This subclause shall apply to any fiscal year following the covered fiscal year and for which the total amount appropriated under this subsection is insufficient to provide for the minimum additional funding amounts described in subclause (I).

“(bb) REDUCTIONS IN ALLOCATIONS.—In the case of a fiscal year to which this subclause applies, reductions in allocations shall be made proportionally from the qualified eligible institution and from each other eligible institution based on the increased amounts (if any) that the qualified eligible institution and each other eligible institution were allocated for the covered fiscal year as compared to the fiscal year immediately preceding the covered fiscal year.

“(III) EFFECT OF CENSUS.—Subclauses (I) and (II) shall not apply in any fiscal year for which a shortfall in the minimum additional funding amounts described in subclause (I) is attributable to the incorporation of new census data into the calculation under paragraph (3)(C), as determined by the Secretary.”;

(B) in subparagraph (B), by striking “(B) Of funds” and inserting the following:

“(C) ADDITIONAL AMOUNT.—Except as provided in subparagraph (D), of funds”;

(C) in subparagraph (A)—

(i) by striking “are allocated” and inserting “were allocated”;

(ii) by inserting “, as so designated as of that date” before the period at the end; and

(iii) by striking “(A) Funds” and inserting the following:

“(B) BASE AMOUNT.—Funds”; and

(D) in the matter preceding subparagraph (B) (as so designated), by striking “(2) The” and all that follows through “follows:” and inserting the following:

“(3) DISTRIBUTIONS.—

“(A) IN GENERAL.—After allocating amounts under paragraph (2), the remainder shall be allotted among the eligible institutions in accordance with this paragraph.”; (2) in paragraph (1), by striking “(1) Three per centum” and inserting the following:

“(2) ADMINISTRATION.—3 percent”; and

(3) in the matter preceding paragraph (2) (as so designated), by striking “(b) Beginning” and all that follows through “follows:” and inserting the following:

“(b) DISTRIBUTION OF FUNDS.—

“(1) IN GENERAL.—Funds made available under this section shall be distributed among eligible institutions in accordance with this subsection.”.

SEC. 7116. REPORTS ON DISBURSEMENT OF FUNDS FOR AGRICULTURAL RESEARCH AND EXTENSION AT 1862 AND 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

7 USC 2207d.

Not later than September 30, 2019, and each year thereafter, the Secretary shall annually submit to Congress a report describing the allocations made to, and matching funds received by, 1890 Institutions and 1862 Institutions (as those terms are defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601) for each of the agricultural research, extension, education, and related programs established under—

(1) section 1444 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221);

(2) section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222);

(3) subsections (b) and (c) of section 3 of the Smith-Lever Act (7 U.S.C. 343); and

(4) the Hatch Act of 1887 (7 U.S.C. 361a et seq.).

SEC. 7117. SCHOLARSHIPS FOR STUDENTS AT 1890 INSTITUTIONS.

Subtitle G of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1445 (7 U.S.C. 3222) the following new section:

“SEC. 1446. SCHOLARSHIPS FOR STUDENTS AT 1890 INSTITUTIONS.

7 USC 3222a.

“(a) IN GENERAL.—

“(1) SCHOLARSHIP GRANT PROGRAM ESTABLISHED.—The Secretary shall make grants to each college or university eligible to receive funds under the Act of August 30, 1890 (commonly known as the Second Morrill Act; 7 U.S.C. 322 et seq.), including Tuskegee University, for purposes of awarding scholarships to individuals who—

“(A) have been accepted for admission at such college or university;

“(B) will be enrolled at such college or university not later than one year after the date of such acceptance; and

“(C) intend to pursue a career in the food and agricultural sciences, including a career in—

“(i) agribusiness;

“(ii) energy and renewable fuels; or

“(iii) financial management.

“(2) **CONDITION.**—The Secretary may only award a grant under this subsection to a college or university described in paragraph (1) if the Secretary determines that such college or university has established a competitive scholarship awards process for the award of scholarships to individuals described in such paragraph.

“(3) **ANNUAL LIMITATION.**—Of the funds made available under subsection (b)(1), the Secretary may use not more than \$10,000,000 to award grants under this subsection for the academic year beginning on July 1, 2020, and each of the three succeeding academic years.

“(4) **AMOUNT OF GRANT.**—Each grant made under this section shall be in an amount of not less than \$500,000.

“(b) **FUNDING.**—

“(1) **MANDATORY FUNDING.**—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section \$40,000,000 not later than October 1, 2019, to remain available until expended.

“(2) **DISCRETIONARY FUNDING.**—In addition to amounts made available under paragraph (1), there is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2020 through 2023.

“(3) **ADMINISTRATIVE EXPENSES.**—Of the funds made available under paragraphs (1) and (2) to carry out this section for a fiscal year, not more than 4 percent may be used for expenses related to administering the program under this section.

“(c) **REPORT.**—Beginning on the date that is two years after the date on which the first grant is awarded under subsection (a), and every two years thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report detailing—

“(1) the amount of funds provided to each eligible college or university under this section;

“(2) the number of scholarships awarded under each grant each fiscal year; and

“(3) the amount of each such scholarship.”

SEC. 7118. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking “2018” and inserting “2023”.

SEC. 7119. GRANTS TO UPGRADE AGRICULTURE AND FOOD SCIENCES FACILITIES AND EQUIPMENT AT INSULAR AREA LAND-GRANT INSTITUTIONS.

Section 1447B(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b–2(d)) is amended by striking “2018” and inserting “2023”.

SEC. 7120. NEW BEGINNING FOR TRIBAL STUDENTS.

Subtitle G of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221 et seq.) is amended by adding at the end the following:

“SEC. 1450. NEW BEGINNING FOR TRIBAL STUDENTS.

7 USC 3222e.

“(a) DEFINITIONS.—In this section:

“(1) INDIAN TRIBE.—The term ‘Indian tribe’ has the meaning given such term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304)).

“(2) LAND-GRANT COLLEGE OR UNIVERSITY.—The term ‘land-grant college or university’ includes a 1994 Institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note)).

“(3) TRIBAL STUDENT.—The term ‘Tribal student’ means a student at a land-grant college or university that is a member of an Indian tribe.

“(b) NEW BEGINNING INITIATIVE.—

“(1) AUTHORIZATION.—The Secretary may make competitive grants to land-grant colleges and universities to provide identifiable support specifically targeted for Tribal students.

“(2) APPLICATION.—A land-grant college or university that desires to receive a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require.

“(3) USE OF FUNDS.—A land-grant college or university that receives a grant under this section shall use the grant funds to support Tribal students through—

“(A) recruiting;

“(B) tuition and related fees;

“(C) experiential learning; and

“(D) student services, including—

“(i) tutoring;

“(ii) counseling;

“(iii) academic advising; and

“(iv) other student services that would increase the retention and graduation rate of Tribal students enrolled at the land-grant college or university, as determined by the Secretary.

“(4) MATCHING FUNDS.—A land-grant college or university that receives a grant under this section shall provide matching funds toward the cost of carrying out the activities described in this section in an amount equal to not less than 100 percent of the grant award.

“(5) MAXIMUM AMOUNT PER STATE.—No State shall receive, through grants made under this section to land-grant colleges and universities located in the State, more than \$500,000 per year.

“(c) REPORT.—Not later than 3 years after the date of enactment of this section, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Indian Affairs of the Senate a report that includes an itemized list of grant funds distributed under this section, including the specific form of assistance provided under subsection (b)(3), and the number of Tribal students assisted and the graduation rate of Tribal students at land-grant colleges and universities receiving grants under this section.

“(d) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to carry out this section \$5,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 7121. HISPANIC-SERVING INSTITUTIONS.

Section 1455(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241(c)) is amended by striking “2018” and inserting “2023”.

SEC. 7122. BINATIONAL AGRICULTURAL RESEARCH AND DEVELOPMENT.

Section 1458(e) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(e)) is amended—

(1) in the subsection heading, by striking “FULL PAYMENT OF FUNDS MADE AVAILABLE FOR CERTAIN” and inserting “CERTAIN”;

(2) by striking “Notwithstanding” and inserting the following:

“(1) FULL PAYMENT OF FUNDS.—Notwithstanding”;

(3) in paragraph (1) (as so designated)—

(A) by striking “Israel-United States” and inserting “United States-Israel”; and

(B) by inserting “(referred to in this subsection as the ‘BARD Fund’)” after “Development Fund”; and

(4) by adding at the end the following:

“(2) ACTIVITIES.—Activities under the BARD Fund to promote and support agricultural research and development that are of mutual benefit to the United States and Israel shall—

“(A) accelerate the demonstration, development, and application of agricultural solutions resulting from or relating to BARD Fund programs, including BARD Fund-sponsored research and innovations in drip irrigation, pesticides, aquaculture, livestock, poultry, disease control, and farm equipment; and

“(B) encourage research carried out by governmental, nongovernmental, and private entities, including through collaboration with colleges and universities, research institutions, and the private sector.”.

SEC. 7123. PARTNERSHIPS TO BUILD CAPACITY IN INTERNATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1458 (7 U.S.C. 3291) the following:

7 USC 3292.

“SEC. 1458A. PARTNERSHIPS TO BUILD CAPACITY IN INTERNATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING.

“(a) DEFINITIONS.—In this section:

“(1) 1862 INSTITUTION; 1890 INSTITUTION; 1994 INSTITUTION.—The terms ‘1862 Institution’, ‘1890 Institution’, and ‘1994 Institution’ have the meanings given the terms in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601).

“(2) COVERED INSTITUTION.—The term ‘covered Institution’ means—

“(A) an 1862 Institution;

- “(B) an 1890 Institution;
- “(C) a 1994 Institution;
- “(D) an NLGCA Institution;
- “(E) a Hispanic-serving agricultural college or university; and
- “(F) a cooperating forestry school.

“(3) DEVELOPING COUNTRY.—The term ‘developing country’ means a country, as determined by the Secretary using a gross national income per capita test selected by the Secretary.

“(4) INTERNATIONAL PARTNER INSTITUTION.—The term ‘international partner institution’ means an agricultural higher education institution in a developing country that is performing, or desiring to perform, activities similar to agricultural research, extension, and teaching activities carried out through covered Institutions in the United States.

“(b) AUTHORITY OF THE SECRETARY.—The Secretary may promote cooperation and coordination between covered Institutions and international partner institutions through—

“(1) improving extension by—

“(A) encouraging the exchange of research materials and results between covered Institutions and international partner institutions;

“(B) facilitating the broad dissemination of agricultural research through extension; and

“(C) assisting with efforts to plan and initiate extension services in developing countries;

“(2) improving agricultural research by—

“(A) in partnership with international partner institutions, encouraging research that addresses problems affecting food production and security, human nutrition, agriculture, forestry, livestock, and fisheries, including local challenges; and

“(B) supporting and strengthening national agricultural research systems in developing countries;

“(3) supporting the participation of covered Institutions in programs of international organizations, such as the United Nations, the World Bank, regional development banks, and international agricultural research centers;

“(4) improving agricultural teaching and education by—

“(A) in partnership with international partner institutions, supporting education and teaching relating to food and agricultural sciences, including technical assistance, degree training, research collaborations, classroom instruction, workforce training, and education programs; and

“(B) assisting with efforts to increase student capacity, including to encourage equitable access for women and other underserved populations, at international partner institutions by promoting partnerships with, and improving the capacity of, covered Institutions;

“(5) assisting covered Institutions in strengthening their capacity for food, agricultural, and related research, extension, and teaching programs relevant to agricultural development activities in developing countries to promote the application of new technology to improve education delivery;

“(6) providing support for the internationalization of resident instruction programs of covered Institutions;

“(7) establishing a program, to be coordinated by the Director of the National Institute of Food and Agriculture and the Administrator of the Foreign Agricultural Service, to place interns from covered Institutions in, or in service to benefit, developing countries; and

“(8) establishing a program to provide fellowships to students at covered Institutions to study at foreign agricultural colleges and universities.

“(c) ENHANCING LINKAGES.—The Secretary shall enhance the linkages among covered Institutions, the Federal Government, international research centers, counterpart research, extension, and teaching agencies and institutions in developed countries and developing countries—

“(1) to carry out the activities described in subsection (b); and

“(2) to make a substantial contribution to the cause of improved food and agricultural progress throughout the world.

“(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 7124. COMPETITIVE GRANTS FOR INTERNATIONAL AGRICULTURAL SCIENCE AND EDUCATION PROGRAMS.

Section 1459A(c)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b(c)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 7125. LIMITATION ON INDIRECT COSTS FOR AGRICULTURAL RESEARCH, EDUCATION, AND EXTENSION PROGRAMS.

Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310) is amended—

(1) in subsection (a), by striking “22 percent” and inserting “30 percent”;

(2) in subsection (b), by striking “Subsection (a)” and inserting “Subsections (a) and (c)”;

(3) by adding at the end the following:

“(c) TREATMENT OF SUBGRANTS.—In the case of a grant described in subsection (a), the limitation on indirect costs specified in such subsection shall be applied to both the initial grant award and any subgrant of the Federal funds provided under the initial grant award so that the total of all indirect costs charged against the total of the Federal funds provided under the initial grant award does not exceed such limitation.”.

SEC. 7126. RESEARCH EQUIPMENT GRANTS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1462 (7 U.S.C. 3310) the following new section:

7 USC 3310a.

“SEC. 1462A. RESEARCH EQUIPMENT GRANTS.

“(a) IN GENERAL.—The Secretary may make competitive grants for the acquisition of special purpose scientific research equipment for use in the food and agricultural sciences programs of eligible institutions.

“(b) MAXIMUM AMOUNT.—The amount of a grant made to an eligible institution under this section may not exceed \$500,000.

“(c) PROHIBITION ON CHARGE OR EQUIPMENT AS INDIRECT COSTS.—The cost of acquisition or depreciation of equipment purchased with a grant under this section shall not be—

“(1) charged as an indirect cost against another Federal grant; or

“(2) included as part of the indirect cost pool for purposes of calculating the indirect cost rate of an eligible institution.

“(d) ELIGIBLE INSTITUTIONS DEFINED.—In this section, the term ‘eligible institution’ means—

“(1) a college or university; or

“(2) a State cooperative institution.

“(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$5,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 7127. UNIVERSITY RESEARCH.

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended by striking “2018” each place it appears in subsections (a) and (b) and inserting “2023”.

SEC. 7128. EXTENSION SERVICE.

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking “2018” and inserting “2023”.

SEC. 7129. SUPPLEMENTAL AND ALTERNATIVE CROPS; HEMP.

Section 1473D of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d) is amended—

(1) in subsection (a)—

(A) by striking “2018” and inserting “2023”; and

(B) by striking “crops,” and inserting “crops (including canola),”;

(2) in subsection (b)—

(A) by inserting “for agronomic rotational purposes and as a habitat for honey bees and other pollinators” after “alternative crops”; and

(B) by striking “commodities whose” and all that follows through the period at the end and inserting “commodities.”;

(3) in subsection (c)(3)(E), by inserting “(including hemp (as defined in section 297A of the Agricultural Marketing Act of 1946))” after “material”; and

(4) in subsection (e)—

(A) in paragraph (1), by striking “and” at the end;

(B) in paragraph (2), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following new paragraph: “(3) \$2,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 7130. NEW ERA RURAL TECHNOLOGY PROGRAM.

Section 1473E of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319e) is amended—

(1) in subsection (b)(1)(B)—

(A) in clause (ii), by striking “and” at the end;

(B) in clause (iii), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(iv) precision agriculture.”; and
 (2) in subsection (d), by striking “2008 through 2012” and inserting “2019 through 2023”.

SEC. 7131. CAPACITY BUILDING GRANTS FOR NLGCA INSTITUTIONS.

Section 1473F(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319i(b)) is amended by striking “2018” and inserting “2023”.

SEC. 7132. AGRICULTURE ADVANCED RESEARCH AND DEVELOPMENT AUTHORITY PILOT.

Subtitle K of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) is amended by adding at the end the following:

7 USC 3319k.

“SEC. 1473H. AGRICULTURE ADVANCED RESEARCH AND DEVELOPMENT AUTHORITY PILOT.

“(a) DEFINITIONS.—In this section:

“(1) ADVANCED RESEARCH AND DEVELOPMENT.—The term ‘advanced research and development’ means research and development activities used to address research challenges in agriculture and food through—

“(A) targeted acceleration of novel, early stage innovative agricultural research with promising technology applications and products; or

“(B) development of qualified products and projects, agricultural technologies, or innovative research tools, which may include—

“(i) prototype testing, preclinical development, or field experimental use;

“(ii) assessing and assisting with product approval, clearance, or need for a license under an applicable law, as determined by the Director; or

“(iii) manufacturing and commercialization of a product.

“(2) AGRICULTURAL TECHNOLOGY.—The term ‘agricultural technology’ means machinery and other equipment engineered for an applicable and novel use in agriculture, natural resources, and food relating to the research and development of qualified products and projects.

“(3) DIRECTOR.—The term ‘Director’ means the Director of the Agriculture Advanced Research and Development Authority established under subsection (b)(1).

“(4) OTHER TRANSACTION.—The term ‘other transaction’ means a transaction other than a procurement contract, grant, or cooperative agreement, including a transaction described in subsection (b)(6)(A).

“(5) PERSON.—The term ‘person’ means—

“(A) an individual;

“(B) a partnership;

“(C) a corporation;

“(D) an association;

“(E) an entity;

“(F) a public or private corporation;

“(G) a Federal, State, or local government agency or department; and

“(H) an institution of higher education, including a land-grant college or university and a non-land-grant college of agriculture.

“(6) QUALIFIED PRODUCT OR PROJECT.—The term ‘qualified product or project’ means—

“(A) engineering, mechanization, or technology improvements that will address challenges relating to growing, harvesting, handling, processing, storing, packing, and distribution of agricultural products;

“(B) plant disease or plant pest recovery countermeasures to intentional or unintentional biological threats (including naturally occurring threats), including—

“(i) replacement or resistant plant cultivars or varieties;

“(ii) other enhanced management strategies, including novel chemical, biological, or cultural approaches; or

“(iii) diagnostic or surveillance technology; and

“(C) veterinary countermeasures to intentional or unintentional biological threats (including naturally occurring threats), including—

“(i) animal vaccine or therapeutic products (including anti-infective products); or

“(ii) diagnostic or surveillance technology.

“(7) RESEARCH TOOL.—The term ‘research tool’ means a device, technology, procedure, biological material, reagent, computer system, computer software, or analytical technique that is developed to assist in the discovery, development, or manufacture of a qualified product or project.

“(b) AGRICULTURE ADVANCED RESEARCH AND DEVELOPMENT AUTHORITY.—

“(1) ESTABLISHMENT.—There is established within the Department of Agriculture a pilot program that shall be known as the Agriculture Advanced Research and Development Authority (referred to in this section as the ‘AGARDA’) to carry out advanced research and development.

“(2) GOALS.—The goals of the AGARDA are—

“(A) to develop and deploy advanced solutions to prevent, prepare, and protect against unintentional and intentional threats to agriculture and food in the United States;

“(B) to overcome barriers in the development of agricultural technologies, research tools, and qualified products and projects that enhance export competitiveness, environmental sustainability, and resilience to extreme weather;

“(C) to ensure that the United States maintains and enhances its position as a leader in developing and deploying agricultural technologies, research tools, and qualified projects and products that increase economic opportunities and security for farmers, ranchers, and rural communities; and

“(D) to undertake advanced research and development in areas in which industry by itself is not likely to do so because of the technological or financial uncertainty.

“(3) LEADERSHIP.—

“(A) IN GENERAL.—The AGARDA shall be a component of the Office of the Chief Scientist.

“(B) DIRECTOR.—

“(i) IN GENERAL.—The AGARDA shall be headed by a Director, who shall be appointed by the Chief Scientist.

“(ii) QUALIFICATIONS.—The Director shall be an individual who, by reason of professional background and experience, is exceptionally qualified to advise the Chief Scientist on, and manage advanced research and development programs and other matters pertaining to—

“(I) qualified products and projects;

“(II) agricultural technologies;

“(III) research tools; and

“(IV) challenges relating to the matters described in subclauses (I) through (III).

“(iii) RELATIONSHIP WITHIN THE DEPARTMENT OF AGRICULTURE.—The Director shall report to the Chief Scientist.

“(4) DUTIES.—To achieve the goals described in paragraph (2), the Secretary, acting through the Director, shall accelerate advanced research and development by—

“(A) identifying and promoting advances in basic sciences;

“(B) translating scientific discoveries and inventions into technological innovations;

“(C) collaborating with other agencies, relevant industries, academia, international agencies, the Foundation for Food and Agriculture Research, and other relevant persons to carry out the goals described in paragraph (2), including convening, at a minimum, annual meetings or working groups to demonstrate the operation and effectiveness of advanced research and development of qualified products and projects, agricultural technologies, and research tools;

“(D) conducting ongoing searches for, and support calls for, potential advanced research and development of agricultural technologies, qualified products and projects, and research tools;

“(E) awarding grants and entering into contracts, cooperative agreements, or other transactions under paragraph (6) for advanced research and development of agricultural technology, qualified products and projects, and research tools;

“(F) establishing issue-based multidisciplinary teams to reduce the time and cost of solving specific problems that—

“(i) are composed of representatives from Federal and State agencies, professional groups, academia, and industry;

“(ii) seek novel and effective solutions; and

“(iii) encourage data sharing and translation of research to field use; and

“(G) serving as a resource for interested persons regarding requirements under relevant laws that impact the development, commercialization, and technology transfer of qualified products and projects, agricultural technologies, and research tools.

“(5) PRIORITY.—In awarding grants and entering into contracts, cooperative agreements, or other transactions under

paragraph (4)(E), the Secretary shall give priority to projects that accelerate the advanced research and development of qualified products and projects that—

“(A) address critical research and development needs for technology for specialty crops; or

“(B) prevent, protect, and prepare against intentional and unintentional threats to agriculture and food.

“(6) OTHER TRANSACTION AUTHORITIES.—

“(A) IN GENERAL.—In carrying out the pilot program under this section, the Secretary shall have the authority to enter into other transactions in the same manner and subject to the same terms and conditions as transactions that the Secretary of Defense may enter into under section 2371 of title 10, United States Code.

“(B) SCOPE.—The authority of the Secretary to enter into contracts, cooperative agreements, and other transactions under this subsection shall be in addition to the authorities under this Act and title I of the Department of Agriculture and Related Agencies Appropriation Act, 1964 (7 U.S.C. 3318a), to use contracts, cooperative agreements, and grants in carrying out the pilot program under this section.

“(C) GUIDELINES.—The Secretary shall establish guidelines regarding the use of the authority under subparagraph (A).

“(D) TECHNOLOGY TRANSFER.—In entering into other transactions, the Secretary may negotiate terms for technology transfer in the same manner as a Federal laboratory under paragraphs (1) through (4) of section 12(b) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(b)).

“(7) AVAILABILITY OF DATA.—

“(A) IN GENERAL.—The Secretary shall require that, as a condition of being awarded a contract or grant or entering into a cooperative agreement or other transaction under paragraph (4)(E), a person shall make available to the Secretary on an ongoing basis, and submit to the Secretary on request of the Secretary, all data relating to or resulting from the activities carried out by the person pursuant to this section.

“(B) EXEMPTION FROM DISCLOSURE.—

“(i) IN GENERAL.—This subparagraph shall be considered a statute described in section 552(b)(3)(B) of title 5, United States Code.

“(ii) EXEMPTION.—The following information shall be exempt from disclosure under section 552 of title 5, United States Code, and withheld from the public:

“(I) Specific technical data or scientific information that is created or obtained under this section that reveals significant and not otherwise publicly known vulnerabilities of existing agriculture and food defenses against biological, chemical, nuclear, or radiological threats.

“(II) Trade secrets or commercial or financial information that is privileged or confidential (within the meaning of section 552(b)(4) of title 5, United States Code) and obtained in the conduct

of research or as a result of activities under this section from a non-Federal party participating in a contract, grant, cooperative agreement, or other transaction under this section.

“(iii) LIMITATION.—Information that results from research and development activities conducted under this section and that would be a trade secret or commercial or financial information that is privileged or confidential if the information had been obtained from a non-Federal party participating in a cooperative agreement or other transaction shall be withheld from disclosure under subchapter II of chapter 5 of title 5, United States Code, for 5 years.

“(8) MILESTONE-BASED PAYMENTS ALLOWED.—In awarding contracts and grants and entering into cooperative agreements or other transactions under paragraph (4)(E), the Secretary may—

“(A) use milestone-based awards and payments; and

“(B) terminate a project for not meeting technical milestones.

“(9) USE OF EXISTING PERSONNEL AUTHORITIES.—In carrying out this subsection, the Secretary may appoint highly qualified individuals to scientific or professional positions on the same terms and conditions as provided in subsections (b)(3), (b)(4), (c), (d), (e), and (f) of section 620 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7657).

“(10) REPORT AND EVALUATION.—

“(A) REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report examining the actions undertaken and results generated by the AGARDA.

“(B) EVALUATION.—After the date on which the AGARDA has been in operation for 3 years, the Comptroller General of the United States shall conduct an evaluation—

“(i) to be completed and submitted to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than 1 year after the date on which the Comptroller General began conducting the evaluation;

“(ii) describing the extent to which the AGARDA is achieving the goals described in paragraph (2); and

“(iii) including a recommendation on whether the AGARDA should be continued, terminated, or expanded.

“(c) STRATEGIC PLAN.—

“(1) IN GENERAL.—Not later than 360 days after the date of enactment of this section, the Secretary shall develop and make publicly available a strategic plan describing the strategic vision that the AGARDA shall use—

“(A) to make determinations for future investments during the period of effectiveness of this section; and

“(B) to achieve the goals described in subsection (b)(2).

“(2) DISSEMINATION.—The Secretary shall disseminate the information contained in the strategic plan under paragraph

(1) to persons who may have the capacity to substantially contribute to the activities described in that strategic plan.

“(3) COORDINATION; CONSULTATION.—The Secretary shall—

“(A) update and coordinate the strategic coordination plan under section 221(d)(7) of the Department of Agriculture Reorganization Act of 1994 with the strategic plan developed under paragraph (1) for activities relating to agriculture and food defense countermeasure development and procurement; and

“(B) in developing the strategic plan under paragraph (1), consult with—

“(i) the National Agricultural Research, Extension, Education, and Economics Advisory Board established under section 1408(a);

“(ii) the specialty crops committee established under section 1408A(a)(1);

“(iii) relevant agriculture research agencies of the Federal Government;

“(iv) the National Academies of Sciences, Engineering, and Medicine;

“(v) the National Veterinary Stockpile Intra-Government Advisory Committee for Strategic Steering; and

“(vi) other appropriate parties, as determined by the Secretary.

“(d) FUNDS.—

“(1) ESTABLISHMENT.—There is established in the Treasury the Agriculture Advanced Research and Development Fund, which shall be administered by the Secretary, acting through the Director—

“(A) for the purpose of carrying out this section; and

“(B) in the same manner and subject to the same terms and conditions as are applicable to the Secretary of Defense under section 2371 of title 10, United States Code.

“(2) DEPOSITS INTO FUND.—

“(A) IN GENERAL.—The Secretary, acting through the Director, may accept and deposit into the Fund monies received pursuant to cost recovery, contribution, or royalty payments under a contract, grant, cooperative agreement, or other transaction under this section.

“(B) AVAILABILITY OF AMOUNTS IN FUND.—Amounts deposited into the fund shall remain available until expended, without further appropriation, and may be used to carry out the purposes of this section.

“(C) CLARIFICATION.—Nothing in this paragraph authorizes the use of the funds of the Commodity Credit Corporation to carry out this section.

“(3) FUNDING.—In addition to funds otherwise deposited in the Fund under paragraph (1) or (2), there is authorized to be appropriated to the Fund \$50,000,000 for each of fiscal years 2019 through 2023, to remain available until expended.

“(e) TERMINATION OF EFFECTIVENESS.—

“(1) IN GENERAL.—Except as provided under paragraph (2), the authority provided by this section terminates on the date that is 5 years after the date of the enactment of the Agriculture Improvement Act of 2018.

“(2) EXCEPTIONS.—Paragraph (1) shall not apply with respect to—

“(A) subsection (b)(7)(B); and

“(B) grants awarded or contracts, cooperative agreements, or other transactions entered into before the end of the 5-year period referred to in such clause.”.

SEC. 7133. AQUACULTURE ASSISTANCE PROGRAMS.

Section 1477(a)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(a)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 7134. RANGELAND RESEARCH PROGRAMS.

Section 1483(a)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 7135. SPECIAL AUTHORIZATION FOR BIOSECURITY PLANNING AND RESPONSE.

Section 1484 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3351) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking “and” at the end;

(B) in paragraph (2), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following new paragraph:
“(3) \$30,000,000 for each of fiscal years 2019 through 2023.”; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by inserting “and cooperative agreements” after “competitive grants”;

(B) in paragraph (3), by striking “make competitive grants” and inserting “award competitive grants and cooperative agreements”; and

(C) by adding at the end the following new paragraph:
“(5) To coordinate the tactical science activities of the Research, Education, and Economics mission area of the Department that protect the integrity, reliability, sustainability, and profitability of the food and agricultural system of the United States against biosecurity threats from pests, diseases, contaminants, and disasters.”.

SEC. 7136. DISTANCE EDUCATION AND RESIDENT INSTRUCTION GRANTS PROGRAM FOR INSULAR AREA INSTITUTIONS OF HIGHER EDUCATION.

(a) DISTANCE EDUCATION GRANTS FOR INSULAR AREAS.—Section 1490(f)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3362(f)(2)) is amended by striking “2018” and inserting “2023”.

(b) RESIDENT INSTRUCTION GRANTS FOR INSULAR AREAS.—Section 1491(c)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3363(c)(2)) is amended by striking “2018” and inserting “2023”.

Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 7201. BEST UTILIZATION OF BIOLOGICAL APPLICATIONS.

Section 1624 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5814) is amended in the first sentence by striking “2018” and inserting “2023”.

SEC. 7202. INTEGRATED MANAGEMENT SYSTEMS.

Section 1627(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5821(d)) is amended by striking “2018” and inserting “2023”.

SEC. 7203. SUSTAINABLE AGRICULTURE TECHNOLOGY DEVELOPMENT AND TRANSFER PROGRAM.

Section 1628(f)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831(f)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 7204. NATIONAL TRAINING PROGRAM.

Section 1629(i) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5832(i)) is amended by striking “2018” and inserting “2023”.

SEC. 7205. NATIONAL STRATEGIC GERMPLASM AND CULTIVAR COLLECTION ASSESSMENT AND UTILIZATION PLAN.

(a) IN GENERAL.—Section 1632(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5841(d)) is amended—

- (1) in paragraph (5), by striking “and” at the end;
- (2) by redesignating paragraph (6) as paragraph (7); and
- (3) by inserting after paragraph (5) the following:

“(6) develop and implement a national strategic germplasm and cultivar collection assessment and utilization plan that takes into consideration the resources and research necessary to address the significant backlog of characterization and maintenance of existing accessions considered to be critical to preserve the viability of, and public access to, germplasm and cultivars; and”.

(b) PLAN PUBLICATION.—Section 1633 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5842) is amended by adding at the end the following:

“(f) PLAN PUBLICATION.—On completion of the development of the plan described in section 1632(d)(6), the Secretary shall make the plan available to the public.”.

SEC. 7206. NATIONAL GENETICS RESOURCES PROGRAM.

(a) ADVISORY COUNCIL.—Section 1634 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5843) is amended—

- (1) in subsection (a)—
 - (A) in the first sentence, by striking “The Secretary” and inserting the following:

“(1) IN GENERAL.—The Secretary”;

- (B) in the second sentence of paragraph (1) (as so designated), by striking “The advisory” and inserting the following:

“(2) MEMBERSHIP.—The advisory”;

(C) in paragraph (2) (as so designated), by striking “nine” and inserting “13”; and

(D) by adding at the end the following:

“(3) RECOMMENDATIONS.—

“(A) IN GENERAL.—In making recommendations under paragraph (1), the advisory council shall include recommendations on—

“(i) the state of public cultivar development, including—

“(I) an analysis of existing cultivar research investments;

“(II) the research gaps relating to the development of cultivars across a diverse range of crops; and

“(III) an assessment of the state of commercialization of federally funded cultivars;

“(ii) the training and resources needed to meet future breeding challenges;

“(iii) the appropriate levels of Federal funding for cultivar development for underserved crops and geographic areas; and

“(iv) the development of the plan described in section 1632(d)(6).”; and

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking “Two-thirds” and inserting “6”; and

(ii) by inserting “economics and policy,” after “agricultural sciences,”;

(B) in paragraph (2)—

(i) by striking “One-third” and inserting “3”; and

(ii) by inserting “community development,” after “public policy,”; and

(C) by adding at the end the following:

“(3) 4 of the members shall be appointed from among individuals with expertise in public cultivar and animal breed development.

“(4) 4 of the members shall be appointed from among individuals representing—

“(A) 1862 Institutions (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601));

“(B) 1890 Institutions (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601));

“(C) Hispanic-serving institutions (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); or

“(D) 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)).”.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 1635(b)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 7207. NATIONAL AGRICULTURAL WEATHER INFORMATION SYSTEM.

Section 1641(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5855(c)) is amended by striking “2018” and inserting “2023”.

SEC. 7208. AGRICULTURAL GENOME TO PHENOME INITIATIVE.

Section 1671 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5924) is amended—

(1) in the section heading, by inserting “**TO PHENOME**” after “**GENOME**”;

(2) by striking subsection (a) and inserting the following: “(a) GOALS.—The goals of this section are—

“(1) to expand knowledge concerning genomes and phenomes of crops and animals of importance to the agriculture sector of the United States;

“(2) to understand how variable weather, environments, and production systems impact the growth and productivity of specific varieties of crops and species of animals in order to provide greater accuracy in predicting crop and animal performance under variable conditions;

“(3) to support research that leverages plant and animal genomic information with phenotypic and environmental data through an interdisciplinary framework, leading to a novel understanding of plant and animal processes that affect growth, productivity, and the ability to predict performance, which will result in the deployment of superior varieties and species to producers and improved crop and animal management recommendations for farmers and ranchers;

“(4) to catalyze and coordinate research that links genomics and predictive phenomics at different sites across the United States to achieve advances in crops and animals that generate societal benefits;

“(5) to combine fields such as genetics, genomics, plant physiology, agronomy, climatology, and crop modeling with computation and informatics, statistics, and engineering;

“(6) to combine fields such as genetics, genomics, animal physiology, meat science, animal nutrition, and veterinary science with computation and informatics, statistics, and engineering;

“(7) to focus on crops and animals that will yield scientifically important results that will enhance the usefulness of many other crops and animals;

“(8) to build on genomic research, such as the Plant Genome Research Project and the National Animal Genome Research Program, to understand gene function in production environments that is expected to have considerable returns for crops and animals of importance to the agriculture of the United States;

“(9) to develop improved data analytics to enhance understanding of the biological function of genes;

“(10) to allow resources developed under this section, including data, software, germplasm, and other biological materials, to be openly accessible to all persons, subject to any confidentiality requirements imposed by law; and

“(11) to encourage international partnerships with each partner country responsible for financing its own research.”;

(3) by striking subsection (b) and inserting the following:
“(b) DUTIES OF SECRETARY.—The Secretary of Agriculture (referred to in this section as the ‘Secretary’) shall conduct a research initiative, to be known as the ‘Agricultural Genome to Phenome Initiative’, for the purpose of—

“(1) studying agriculturally significant crops and animals in production environments to achieve sustainable and secure agricultural production;

“(2) ensuring that current gaps in existing knowledge of agricultural crop and animal genetics and phenomics are filled;

“(3) identifying and developing a functional understanding of relevant genes from animals and agronomically relevant genes from crops that are of importance to the agriculture sector of the United States;

“(4) ensuring future genetic improvement of crops and animals of importance to the agriculture sector of the United States;

“(5) studying the relevance of diverse germplasm as a source of unique genes that may be of importance in the future;

“(6) enhancing genetics to reduce the economic impact of pathogens on crops and animals of importance to the agriculture sector of the United States;

“(7) disseminating findings to relevant audiences; and

“(8) otherwise carrying out this section.”;

(4) in subsection (c)(1), by inserting “, acting through the National Institute of Food and Agriculture,” after “The Secretary”;

(5) in subsection (e), by inserting “to Phenome” after “Genome”; and

(6) by adding at the end the following:

“(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$40,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 7209. HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended—

(1) in subsection (d)—

(A) in paragraph (8)—

(i) in the heading, by striking “ALFALFA AND FORAGE” and inserting “ALFALFA SEED AND ALFALFA FORAGE SYSTEMS”;

(ii) by striking “alfalfa and forage” and inserting “alfalfa seed and alfalfa forage systems”; and

(iii) by striking “alfalfa and other forages, and” and inserting “alfalfa seed and other alfalfa forage”; and

(B) by adding at the end the following new paragraphs:

“(11) MACADAMIA TREE HEALTH INITIATIVE.—Research and extension grants may be made under this section for the purposes of—

“(A) developing and disseminating science-based tools and treatments to combat the macadamia felted coccid (*Eriococcus ironsidei*); and

“(B) establishing an areawide integrated pest management program in areas affected by, or areas at risk of being affected by, the macadamia felted coccid.

“(12) NATIONAL TURFGRASS RESEARCH INITIATIVE.—Research and extension grants may be made under this section for the purposes of—

“(A) carrying out or enhancing research related to turfgrass and sod issues;

“(B) enhancing production and uses of turfgrass for the general public;

“(C) identifying new turfgrass varieties with superior drought, heat, cold, and pest tolerance to reduce water, fertilizer, and pesticide use;

“(D) selecting genetically superior turfgrasses and developing improved technologies for managing commercial, residential, and recreational turfgrass areas;

“(E) producing turfgrasses that—

“(i) aid in mitigating soil erosion;

“(ii) protect against pollutant runoff into waterways; or

“(iii) provide other environmental benefits;

“(F) investigating, preserving, and protecting native plant species, including grasses not currently utilized in turfgrass systems;

“(G) creating systems for more economical and viable turfgrass seed and sod production throughout the United States; and

“(H) investigating the turfgrass phytobiome and developing biologic products to enhance soil, enrich plants, and mitigate pests.

“(13) FERTILIZER MANAGEMENT INITIATIVE.—

“(A) IN GENERAL.—Research and extension grants may be made under this section for the purpose of carrying out research to improve fertilizer use efficiency in crops—

“(i) to maximize crop yield; and

“(ii) to minimize nutrient losses to surface and groundwater and the atmosphere.

“(B) PRIORITY.—In awarding grants under subparagraph (A), the Secretary shall give priority to research examining the impact of the source, rate, timing, and placement of plant nutrients.

“(14) CATTLE FEVER TICK PROGRAM.—Research and extension grants may be made under this section to study cattle fever ticks—

“(A) to facilitate the understanding of the role of wildlife in the persistence and spread of cattle fever ticks;

“(B) to develop advanced methods for eradication of cattle fever ticks, including—

“(i) alternative treatment methods for cattle and other susceptible species;

“(ii) field treatment for premises, including corral pens and pasture loafing areas;

“(iii) methods for treatment and control on infested wildlife;

“(iv) biological control agents; and

“(v) new and improved vaccines;

“(C) to evaluate rangeland vegetation that impacts the survival of cattle fever ticks;

“(D) to improve management of diseases relating to cattle fever ticks that are associated with wildlife, livestock, and human health;

“(E) to improve diagnostic detection of tick-infested or infected animals and pastures; and

“(F) to conduct outreach to impacted ranchers, hunters, and landowners to integrate tactics and document sustainability of best practices.

“(15) LAYING HEN AND TURKEY RESEARCH PROGRAM.—Research grants may be made under this section for the purpose of improving the efficiency and sustainability of laying hen and turkey production through integrated, collaborative research and technology transfer. Emphasis may be placed on laying hen and turkey disease prevention, antimicrobial resistance, nutrition, gut health, and alternative housing systems under extreme seasonal weather conditions.

“(16) CHRONIC WASTING DISEASE.—Research and extension grants may be made under this section for the purposes of supporting research projects at land-grant colleges and universities (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) with established deer research programs for the purposes of treating, mitigating, or eliminating chronic wasting disease.

“(17) ALGAE AGRICULTURE RESEARCH PROGRAM.—Research and extension grants may be made under this section for the development and testing of algae and algae systems (including micro- and macro-algae systems).

“(18) NUTRIENT MANAGEMENT.—Research and extension grants may be made under this section for the purposes of examining nutrient management based on the source, rate, timing, and placement of crop nutrients.

“(19) DRYLAND FARMING AGRICULTURAL SYSTEMS.—Research and extension grants may be made under this section for the purposes of carrying out or enhancing research on the utilization of big data for more precise management of dryland farming agricultural systems.

“(20) HOP PLANT HEALTH INITIATIVE.—Research and extension grants may be made under this section for the purposes of developing and disseminating science-based tools and treatments to combat diseases of hops caused by the plant pathogens *Podospaera macularis* and *Pseudoperonospora humuli*.”;

(2) in subsection (e)(5), by striking “2018” and inserting “2023”;

(3) in subsection (f)(5), by striking “2018” and inserting “2023”;

(4) in subsection (g)—

(A) in paragraphs (1)(B), (2)(B), and (3), by striking “2018” each place it appears and inserting “2023”;

(B) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(C) by inserting after paragraph (3) the following new paragraph:

“(4) ENHANCED COORDINATION OF HONEYBEE AND POLLINATOR RESEARCH.—

“(A) IN GENERAL.—The Chief Scientist of the Department of Agriculture shall coordinate research, extension, education, and economic activities in the Department of

Agriculture relating to native and managed pollinator health and habitat.

“(B) DUTIES.—In carrying out subparagraph (A), the Chief Scientist shall—

“(i) assign an individual to serve in the Office of the Chief Scientist as a Honeybee and Pollinator Research Coordinator who shall be responsible for leading the efforts of the Chief Scientist in carrying out such subparagraph;

“(ii) implement and coordinate pollinator health research efforts of the Department, as recommended by the Pollinator Health Task Force;

“(iii) establish annual strategic priorities and goals for the Department for native and managed pollinator research;

“(iv) communicate such priorities and goals to each agency or office of the Department of Agriculture, the managed pollinator industry, and relevant grant recipients under programs administered by the Secretary; and

“(v) coordinate and identify all research on native and managed pollinator health needed and conducted by the Department of Agriculture and relevant grant recipients under programs administered by the Secretary to ensure consistency and reduce unintended duplication of effort.

“(C) RESEARCH.—In coordinating research activities under subparagraph (A), the Chief Scientist shall ensure that such research—

“(i) identifies and addresses the multiple stressors on pollinator health, including pests and pathogens, reduced habitat, lack of nutritional resources, and exposure to pesticides;

“(ii) evaluates stewardship and management practices of managed pollinators that would impact managed pollinator health;

“(iii) documents the prevalence of major pests, such as *varroa destructor* (commonly referred to as the varroa mite), and diseases that are transported between States through practices involving managed pollinators;

“(iv) evaluates the impact of overcrowding of colonies for pollination services and the impact of such overcrowding on pollinator health status and pollinator health recovery;

“(v) evaluates and reports on the health differences of managed pollinators in—

“(I) crops not requiring contract pollination;

“(II) crops requiring contract pollination; and

“(III) native habitat;

“(vi) evaluates the impact of horticultural and agricultural pest management practices on native and managed pollinator colonies in diverse agroecosystems;

“(vii) documents pesticide residues that are—

“(I) found in native and managed pollinator colonies; and

“(II) associated with typical localized commercial crop pest management practices;

“(viii) with respect to native and managed pollinator colonies visiting crops for crop pollination or honey production purposes, documents—

“(I) the strength and health of such colonies;

“(II) the survival, growth, reproduction, and production of such colonies;

“(III) pests, pathogens, and viruses that affect such colonies;

“(IV) environmental conditions of such colonies;

“(V) beekeeper practices; and

“(VI) any other relevant information, as determined by the Chief Scientist;

“(ix) documents, with respect to healthy populations of managed pollinators, best management practices and other practices for managed pollinators and crop managers;

“(x) evaluates the effectiveness of—

“(I) conservation practices that target the specific needs of native and managed pollinator habitats;

“(II) incentives that allow for the expansion of native and managed pollinator forage acreage; and

“(III) managed pollinator breeding practices and efforts to, with respect to managed pollinators, avoid creating a genetic bottleneck and improve genetic diversity;

“(xi) in the case of commercially managed pollinator colonies, continues to gather data—

“(I) on an annual basis with respect to losses of such colonies, splits of such colonies, and the total number of pollinator colonies;

“(II) on rising input costs; and

“(III) overall economic value to the food economy; and

“(xii) addresses any other issue relating to native and managed pollinators, as determined by the Chief Scientist, in consultation with scientific experts.

“(D) PUBLICATION.—The Chief Scientist, to the maximum extent practicable, shall—

“(i) make publicly available the results of the research described in subparagraph (C); and

“(ii) in the case of the research described in subparagraph (C)(vi), publish any data or reports that were produced by the Department of Agriculture but not made publicly available during the period beginning on January 1, 2008, and ending on the date of the enactment of the Agriculture Improvement Act of 2018.”; and

(5) in subsection (h), by striking “2018” and inserting “2023”.

SEC. 7210. ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE.

Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1)—

(i) by inserting “using funds made available under subsection (e),” after “Board,”; and

(ii) by inserting “in each of fiscal years 2019 through 2023” after “grants”; and

(B) in paragraph (7), by inserting “, soil health,” after “conservation”; and

(2) in subsection (e)—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking “and” at the end;

(ii) in subparagraph (C), by striking the period at the end and inserting “; and”; and

(iii) by adding at the end the following new subparagraphs:

“(D) \$20,000,000 for each of fiscal years 2019 through 2020;

“(E) \$25,000,000 for fiscal year 2021;

“(F) \$30,000,000 for fiscal year 2022; and

“(G) \$50,000,000 for fiscal year 2023 and each fiscal year thereafter.”; and

(B) in paragraph (2)—

(i) in the paragraph heading, by striking “FOR FISCAL YEARS 2014 THROUGH 2018”; and

(ii) by striking “2018” and inserting “2023”.

SEC. 7211. FARM BUSINESS MANAGEMENT.

Section 1672D of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925f) is amended—

(1) by amending subsection (a) to read as follows:

“(a) IN GENERAL.—The Secretary may make competitive research and extension grants for the purpose of improving the farm management knowledge and skills of agricultural producers by maintaining and expanding a national, publicly available farm financial management database to support improved farm management.”;

(2) in subsection (b)—

(A) in paragraph (2), by striking “and producer” and inserting “educational programs and”; and

(B) in paragraph (4), by striking “use and support” and inserting “contribute data to”; and

(3) in subsection (d)(2), by striking “2018” and inserting “2023”.

SEC. 7212. URBAN, INDOOR, AND OTHER EMERGING AGRICULTURAL PRODUCTION RESEARCH, EDUCATION, AND EXTENSION INITIATIVE.

(a) IN GENERAL.—The Food, Agriculture, Conservation, and Trade Act of 1990 is amended by inserting after section 1672D (7 U.S.C. 5925f) the following:

7 USC 5925g.

“SEC. 1672E. URBAN, INDOOR, AND OTHER EMERGING AGRICULTURAL PRODUCTION RESEARCH, EDUCATION, AND EXTENSION INITIATIVE.

“(a) COMPETITIVE RESEARCH AND EXTENSION GRANTS AUTHORIZED.—In consultation with the Urban Agriculture and Innovative Production Advisory Committee established under section 222(b) of the Department of Agriculture Reorganization Act of 1994, the Secretary may make competitive grants to support research, education, and extension activities for the purposes of facilitating the development of urban, indoor, and other emerging agricultural production, harvesting, transportation, aggregation, packaging, distribution, and markets, including by—

“(1) assessing and developing strategies to remediate contaminated sites;

“(2) determining and developing the best production management and integrated pest management practices;

“(3) identifying and promoting the horticultural, social, and economic factors that contribute to successful urban, indoor, and other emerging agricultural production;

“(4) analyzing the means by which new agricultural sites are determined, including an evaluation of soil quality, condition of a building, or local community needs;

“(5) exploring new technologies that minimize energy, lighting systems, water, and other inputs for increased food production;

“(6) examining building material efficiencies and structural upgrades for the purpose of optimizing growth of agricultural products;

“(7) developing new crop varieties and agricultural products to connect to new markets; or

“(8) examining the impacts of crop exposure to urban elements on environmental quality and food safety.

“(b) GRANT TYPES AND PROCESS.—Subparagraphs (A) through (E) of paragraph (4), paragraph (7), and paragraph (11)(B) of subsection (b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 3157) shall apply with respect to the making of grants under this section.

“(c) PRIORITY.—The Secretary may give priority to grant proposals that involve—

“(1) the cooperation of multiple entities; or

“(2) States or regions with a high concentration of or significant interest in urban farms, rooftop farms, and indoor production facilities.

“(d) FUNDING.—

“(1) **MANDATORY FUNDING.—**Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section \$10,000,000 for fiscal year 2019, to remain available until expended.

“(2) **AUTHORIZATION OF APPROPRIATIONS.—**In addition to amounts made available under paragraph (1), there is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2019 through 2023.”.

(b) DATA COLLECTION ON URBAN, INDOOR, AND EMERGING AGRICULTURAL PRODUCTION.—

(1) IN GENERAL.—Not later than one year after the date of enactment of this Act, the Secretary shall conduct as a follow-on study to the census of agriculture conducted in the

calendar year 2017 under section 2 of the Census of Agriculture Act of 1997 (7 U.S.C. 2204g) a census of urban, indoor, and other emerging agricultural production, including information about—

(A) community gardens and farms located in urban areas, suburbs, and urban clusters;

(B) rooftop farms, outdoor vertical production, and green walls;

(C) indoor farms, greenhouses, and high-tech vertical technology farms;

(D) hydroponic, aeroponic, and aquaponic farm facilities; and

(E) other innovations in agricultural production, as determined by the Secretary.

(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection \$14,000,000 for the period of fiscal years 2019 through 2021.

SEC. 7213. CENTERS OF EXCELLENCE AT 1890 INSTITUTIONS.

Section 1673 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926) is amended by adding at the end the following:

“(d) CENTERS OF EXCELLENCE AT 1890S INSTITUTIONS.—

“(1) RECOGNITION.—The Secretary shall recognize not less than 3 centers of excellence, each led by an 1890 Institution (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)), to focus on 1 or more of the areas described in paragraph (2).

“(2) AREAS OF FOCUS.—

“(A) STUDENT SUCCESS AND WORKFORCE DEVELOPMENT.—A center of excellence established under paragraph (1) may engage in activities to ensure that students have the skills and education needed to work in agriculture and food industries, agriculture science, technology, engineering, mathematics, and related fields of study.

“(B) NUTRITION, HEALTH, WELLNESS, AND QUALITY OF LIFE.—A center of excellence established under paragraph (1) may carry out research, education, and extension programs that increase access to healthy food, improve nutrition, mitigate preventive disease, and develop strategies to assist limited resource individuals in accessing health and nutrition resources.

“(C) FARMING SYSTEMS, RURAL PROSPERITY, AND ECONOMIC SUSTAINABILITY.—A center of excellence established under paragraph (1) may share best practices with farmers to improve agricultural production, processing, and marketing, reduce urban food deserts, examine new uses for traditional and nontraditional crops, animals, and natural resources, and continue activities carried out by the Center for Innovative and Sustainable Small Farms, Ranches, and Forest Lands.

“(D) GLOBAL FOOD SECURITY AND DEFENSE.—A center of excellence established under paragraph (1) may engage in international partnerships that strengthen agricultural development in developing countries, partner with international researchers regarding new and emerging animal

and plant pests and diseases, engage in agricultural disaster recovery, and continue activities carried out by the Center for International Engagement.

“(E) NATURAL RESOURCES, ENERGY, AND ENVIRONMENT.—A center of excellence established under paragraph (1) may focus on protecting and managing domestic natural resources for current and future production of food and agricultural products.

“(F) EMERGING TECHNOLOGIES.—A center of excellence established under paragraph (1) may focus on the development of emerging technologies to increase agricultural productivity, enhance small farm economic viability, and improve rural communities by developing genetic and sensor technologies for food and agriculture and providing technology training to farmers.

“(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection \$10,000,000 for each of fiscal years 2019 through 2023.

“(4) REPORT.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, and every year thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing—

“(A) the resources invested in the centers of excellence established under paragraph (1); and

“(B) the work being done by those centers of excellence.”.

SEC. 7214. CLARIFICATION OF VETERAN ELIGIBILITY FOR ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.

Section 1680 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933) is amended—

(1) in subsection (a), by adding at the end the following new paragraph:

“(7) CLARIFICATION OF APPLICATION OF PROVISIONS TO VETERANS WITH DISABILITIES.—This subsection shall apply with respect to veterans with disabilities, and their families, who—

“(A) are engaged in farming or farm-related occupations; or

“(B) are pursuing new farming opportunities.”;

(2) in subsection (b)—

(A) by inserting “(including veterans)” after “individuals”; and

(B) by inserting “or, in the case of veterans with disabilities, who are pursuing new farming opportunities” before the period at the end; and

(3) in subsection (c)(1)(B), by striking “2018” and inserting “2023”.

SEC. 7215. NATIONAL RURAL INFORMATION CENTER CLEARINGHOUSE.

Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by striking “2018” and inserting “2023”.

Subtitle C—Agricultural Research, Extension, and Education Reform Act of 1998

SEC. 7301. NATIONAL FOOD SAFETY TRAINING, EDUCATION, EXTENSION, OUTREACH, AND TECHNICAL ASSISTANCE PROGRAM.

(a) **ENDING LIMITATION ON FUNDING.**—Section 405(e)(3) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(e)(3)) is amended to read as follows:

“(3) **TERM OF GRANT.**—A grant under this section shall have a term that is not more than 3 years.”.

(b) **NATIONAL FOOD SAFETY TRAINING, EDUCATION, EXTENSION, OUTREACH, AND TECHNICAL ASSISTANCE PROGRAM.**—Section 405(j) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(j)) is amended by striking “there are authorized” and all that follows through the period at the end and inserting “there is authorized to be appropriated \$10,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 7302. INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.

Section 406(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(e)) is amended by striking “2018” and inserting “2023”.

SEC. 7303. SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA.

Section 408 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628) is amended—

(1) in subsection (e)—

(A) in paragraph (1), by striking “and” at the end;

(B) in paragraph (2), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(3) \$15,000,000 for each of fiscal years 2019 through 2023.”; and

(2) by adding at the end the following new subsection:

“(f) **LIMITATION ON INDIRECT COSTS.**—A recipient of a grant under this section may not use more than 10 percent of the funds provided by the grant for the indirect costs of carrying out the initiatives described in subsection (a).”.

SEC. 7304. GRANTS FOR YOUTH ORGANIZATIONS.

Section 410(d)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7630(d)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 7305. SPECIALTY CROP RESEARCH INITIATIVE.

(a) **INDUSTRY NEEDS.**—Section 412(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7632(b)) is amended—

(1) in paragraph (1)—

(A) by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F); and

(B) by inserting after subparagraph (A) the following:

“(B) size-controlling rootstock systems for perennial crops;”;

(2) in paragraph (2), by striking “including threats to specialty crop pollinators;” and inserting the following: “including—

“(A) threats to specialty crop pollinators;

“(B) emerging and invasive species; and

“(C) a more effective understanding and utilization of existing natural enemy complexes;”;

(3) in paragraph (3)—

(A) by striking “efforts to improve” and inserting the following: “efforts—

“(A) to improve”;

(B) in subparagraph (A) (as so designated), by adding “and” at the end; and

(C) by adding at the end the following:

“(B) to achieve a better understanding of—

“(i) the soil rhizosphere microbiome;

“(ii) pesticide application systems and certified drift-reduction technologies; and

“(iii) systems to improve and extend the storage life of specialty crops;”;

(4) in paragraph (4), by striking “including improved mechanization and technologies that delay or inhibit ripening; and” and inserting the following: “including—

“(A) mechanization and automation of labor-intensive tasks in production and processing;

“(B) technologies that delay or inhibit ripening;

“(C) decision support systems driven by phenology and environmental factors;

“(D) improved monitoring systems for agricultural pests; and

“(E) effective systems for preharvest and postharvest management of quarantine pests; and”.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 412(k)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7632(k)(2)) is amended—

(1) in the subsection heading, by striking “2018” and inserting “2023”; and

(2) by striking “2018” and inserting “2023”.

SEC. 7306. FOOD ANIMAL RESIDUE AVOIDANCE DATABASE PROGRAM.

Section 604(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7642(e)) is amended by striking “2018” and inserting “2023”.

SEC. 7307. OFFICE OF PEST MANAGEMENT POLICY.

Section 614(f)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(f)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 7308. FORESTRY PRODUCTS ADVANCED UTILIZATION RESEARCH.

Section 617(f)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7655b(f)(1)) is amended by striking “2018” and inserting “2023”.

Subtitle D—Food, Conservation, and Energy Act of 2008

PART I—AGRICULTURAL SECURITY

SEC. 7401. AGRICULTURAL BIOSECURITY COMMUNICATION CENTER.

Section 14112(c)(2) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8912(c)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 7402. ASSISTANCE TO BUILD LOCAL CAPACITY IN AGRICULTURAL BIOSECURITY PLANNING, PREPARATION, AND RESPONSE.

Section 14113 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8913) is amended—

(1) in subsection (a)(2)(B), by striking “2018” and inserting “2023”; and

(2) in subsection (b)(2)(B), by striking “2018” and inserting “2023”.

SEC. 7403. RESEARCH AND DEVELOPMENT OF AGRICULTURAL COUNTERMEASURES.

Section 14121(b)(2) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8921(b)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 7404. AGRICULTURAL BIOSECURITY GRANT PROGRAM.

Section 14122(e)(2) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8922(e)(2)) is amended by striking “2018” and inserting “2023”.

PART II—MISCELLANEOUS

SEC. 7411. GRAZINGLANDS RESEARCH LABORATORY.

Section 7502 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 122 Stat. 2019) is amended by striking “10-year period” and inserting “15-year period”.

SEC. 7412. FARM AND RANCH STRESS ASSISTANCE NETWORK.

Section 7522 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 5936) is amended—

(1) in subsection (a), by striking “to support cooperative programs between State cooperative extension services and non-profit organizations” and inserting “to eligible entities described in subsection (c)”;

(2) in subsection (b)—

(A) by striking paragraph (5);

(B) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), respectively, and indenting the subparagraphs appropriately;

(C) by striking subparagraph (B) (as so redesignated) and inserting the following:

“(B) training, including training programs and workshops, for—

“(i) advocates for individuals who are engaged in farming, ranching, and other occupations relating to agriculture; and

“(ii) other individuals and entities that may assist individuals who—

“(I) are engaged in farming, ranching, and other occupations relating to agriculture; and

“(II) are in crisis;”;

(D) in subparagraph (C) (as so redesignated), by adding “and” after the semicolon at the end;

(E) in subparagraph (D) (as so redesignated), by striking “activities; and” and inserting “activities, including the dissemination of information and materials; or”;

(F) in the matter preceding subparagraph (A) (as so redesignated), by striking “be used to initiate” and inserting the following: “be used—

“(1) to initiate”; and

(G) by adding at the end the following:

“(2) to enter into contracts, on a multiyear basis, with community-based, direct-service organizations to initiate, expand, or sustain programs described in paragraph (1) and subsection (a).”; and

(3) by striking subsections (c) and (d) and inserting the following:

“(c) ELIGIBLE RECIPIENTS.—The Secretary may award a grant under this section to—

“(1) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304));

“(2) a State department of agriculture;

“(3) a State cooperative extension service;

“(4) a qualified nonprofit organization, as determined by the Secretary;

“(5) an entity providing appropriate services, as determined by the Secretary, in 1 or more States; or

“(6) a partnership carried out by 2 or more entities described in paragraphs (1) through (5).

“(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section \$10,000,000 for each of fiscal years 2019 through 2023.

“(e) REPORT TO CONGRESS.—

“(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, the Secretary, in coordination with the Secretary of Health and Human Services, shall submit to Congress and any other relevant Federal department or agency, and make publicly available, a report describing the state of behavioral and mental health of individuals who are engaged in farming, ranching, and other occupations relating to agriculture.

“(2) CONTENTS.—The report under paragraph (1) shall include—

“(A) an inventory and assessment of efforts to support the behavioral and mental health of individuals who are engaged in farming, ranching, and other occupations relating to agriculture by—

“(i) the Federal Government, States, and units of local government;

“(ii) communities comprised of those individuals;

“(iii) health care providers;

“(iv) State cooperative extension services; and

“(v) other appropriate entities, as determined by the Secretary;

“(B) a description of the challenges faced by individuals who are engaged in farming, ranching, and other occupations relating to agriculture that may impact the behavioral and mental health of farmers and ranchers;

“(C) a description of how the Department of Agriculture can improve coordination and cooperation with Federal health departments and agencies, including the Department of Health and Human Services, the Substance Abuse and Mental Health Services Administration, the Health Resources and Services Administration, the Centers for Disease Control and Prevention, and the National Institutes of Health, to best address the behavioral and mental health of individuals who are engaged in farming, ranching, and other occupations relating to agriculture;

“(D) a long-term strategy for responding to the challenges described under subparagraph (B) and recommendations based on best practices for further action to be carried out by appropriate Federal departments or agencies to improve Federal Government response and seek to prevent suicide among individuals who are engaged in farming, ranching, and other occupations relating to agriculture; and

“(E) an evaluation of the impact that behavioral and mental health challenges and outcomes (including suicide) among individuals who are engaged in farming, ranching, and other agriculture related occupations have on—

“(i) the agricultural workforce;

“(ii) agricultural production;

“(iii) rural families and communities; and

“(iv) succession planning.

“(f) STATE DEFINED.—For purposes of this section, the term ‘State’ has the meaning given such term in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103).”.

SEC. 7413. NATURAL PRODUCTS RESEARCH PROGRAM.

Section 7525(e) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 5937(e)) is amended by striking “2018” and inserting “2023”.

SEC. 7414. SUN GRANT PROGRAM.

Section 7526(g) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8114(g)) is amended by striking “2018” and inserting “2023”.

Subtitle E—Amendments to Other Laws

SEC. 7501. CRITICAL AGRICULTURAL MATERIALS ACT.

(a) HEMP RESEARCH.—Section 5(b)(9) of the Critical Agricultural Materials Act (7 U.S.C. 178c(b)(9)) is amended by inserting “, and including hemp (as defined in section 297A of the Agricultural Marketing Act of 1946)” after “hydrocarbon-containing plants”.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 16(a)(2) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 7502. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.**(a) 1994 INSTITUTION DEFINED.—**

(1) **IN GENERAL.**—Section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended to read as follows:

“SEC. 532. DEFINITION OF 1994 INSTITUTION.

“In this part, the term ‘1994 Institution’ means any of the following colleges:

- “(1) Aaniiih Nakoda College.
- “(2) Bay Mills Community College.
- “(3) Blackfeet Community College.
- “(4) Cankdeska Cikana Community College.
- “(5) Chief Dull Knife College.
- “(6) College of Menominee Nation.
- “(7) College of the Muscogee Nation.
- “(8) D–Q University.
- “(9) Dine College.
- “(10) Fond du Lac Tribal and Community College.
- “(11) Fort Peck Community College.
- “(12) Haskell Indian Nations University.
- “(13) Ilisagvik College.
- “(14) Institute of American Indian and Alaska Native Culture and Arts Development.
- “(15) Keweenaw Bay Ojibwa Community College.
- “(16) Lac Courte Oreilles Ojibwa Community College.
- “(17) Leech Lake Tribal College.
- “(18) Little Big Horn College.
- “(19) Little Priest Tribal College.
- “(20) Navajo Technical University.
- “(21) Nebraska Indian Community College.
- “(22) Northwest Indian College.
- “(23) Nueta Hidatsa Sahnish College.
- “(24) Oglala Lakota College.
- “(25) Red Lake Nation College.
- “(26) Saginaw Chippewa Tribal College.
- “(27) Salish Kootenai College.
- “(28) Sinte Gleska University.
- “(29) Sisseton Wahpeton College.
- “(30) Sitting Bull College.
- “(31) Southwestern Indian Polytechnic Institute.
- “(32) Stone Child College.
- “(33) Tohono O’odham Community College.
- “(34) Turtle Mountain Community College.
- “(35) United Tribes Technical College.
- “(36) White Earth Tribal and Community College.”

7 USC 301 note.

(2) EFFECTIVE DATE.—The amendment made by paragraph

(1) shall take effect on the date of the enactment of this Act.

(b) **ENDOWMENT FOR 1994 INSTITUTIONS.**—Section 533(b) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended in the first sentence by striking “2018” and inserting “2023”.

(c) **INSTITUTIONAL CAPACITY BUILDING GRANTS.**—Section 535 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking “2018”

each place it appears in subsections (b)(1) and (c) and inserting “2023”.

(d) RESEARCH GRANTS.—Section 536(c) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended in the first sentence by striking “2018” and inserting “2023”.

SEC. 7503. RESEARCH FACILITIES ACT.

(a) AGRICULTURAL RESEARCH FACILITY DEFINED.—The Research Facilities Act is amended—

(1) in section 2(1) (7 U.S.C. 390(1)) by striking “a college, university, or nonprofit institution” and inserting “an entity eligible to receive funds under a capacity and infrastructure program (as defined in section 251(f)(1)(C) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971(f)(1)(C)))”; and

(2) in section 3(c)(2)(D) (7 U.S.C. 390a(c)(2)(D)), by striking “recipient college, university, or nonprofit institution” and inserting “recipient entity”.

(b) LONG-TERM SUPPORT.—Section 3(c)(2)(D) of the Research Facilities Act (7 U.S.C. 390a(c)(2)(D)), as amended by subsection (a), is further amended by striking “operating costs” and inserting “operating and maintenance costs”.

(c) COMPETITIVE GRANT PROGRAM.—The Research Facilities Act is amended by inserting after section 3 (7 U.S.C. 390a) the following new section:

“SEC. 4. COMPETITIVE GRANT PROGRAM.

7 USC 390b.

“The Secretary shall establish a program to make competitive grants to assist in the construction, alteration, acquisition, modernization, renovation, or remodeling of agricultural research facilities.”

(d) AUTHORIZATION OF APPROPRIATIONS AND FUNDING LIMITATIONS.—Section 6 of the Research Facilities Act (7 U.S.C. 390d) is amended—

(1) in subsection (a)—

(A) by striking “subsection (b),” and inserting “subsections (b), (c), and (d).”;

(B) by striking “2018” and inserting “2023”; and

(C) by adding at the end the following new sentence: “Funds appropriated pursuant to the preceding sentence shall be available until expended.”; and

(2) by adding at the end the following new subsections:

“(c) MAXIMUM AMOUNT.—Not more than 25 percent of the funds made available pursuant to subsection (a) for any fiscal year shall be used for any single agricultural research facility project.

“(d) PROJECT LIMITATION.—An entity eligible to receive funds under this Act may receive funds for only one project at a time.”.

SEC. 7504. AGRICULTURE AND FOOD RESEARCH INITIATIVE.

Subsection (b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 3157(b)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (D)—

(i) by redesignating clauses (iii) through (vii) as clauses (iv) through (viii), respectively; and

(ii) by inserting after clause (ii) the following new clause:

- “(iii) soil health.”;
- (B) in subparagraph (E)—
- (i) in clause (iii), by striking “and” at the end;
 - (ii) in clause (iv), by striking the period at the end and inserting “; and”; and
 - (iii) by adding at the end the following new clause:
 - “(v) tools that accelerate the use of automation or mechanization for labor-intensive tasks in the production and distribution of crops.”; and
- (C) in subparagraph (F)—
- (i) in clause (vi), by striking “and” at the end;
 - (ii) in clause (vii), by striking the period at the end and inserting “; and”; and
 - (iii) by adding at the end the following new clause:
 - “(viii) barriers and bridges to entry and farm viability for young, beginning, socially disadvantaged, veteran, and immigrant farmers and ranchers, including farm succession, transition, transfer, entry, and profitability issues.”;
- (2) in paragraph (6)—
- (A) in subparagraph (D), by striking “and” at the end;
 - (B) in subparagraph (E), by striking the period at the end and inserting “; and”; and
 - (C) by adding at the end the following:
 - “(F) to an institution to carry out collaboration in biomedical and agricultural research using existing research models.”; and
- (3) in paragraph (11)(A)—
- (A) in the matter preceding clause (i), by striking “2018” and inserting “2023”; and
 - (B) in clause (ii), by striking “4” and inserting “5”.

SEC. 7505. EXTENSION DESIGN AND DEMONSTRATION INITIATIVE.

(a) **IN GENERAL.**—The Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 3157) is amended by inserting after subsection (c) the following:

“(d) **EXTENSION DESIGN AND DEMONSTRATION INITIATIVE.**—

“(1) **PURPOSE.**—The purpose of this subsection is to encourage the design of adaptive prototype systems for improving extension and education that seek to advance the application, translation, and demonstration of scientific discoveries and other agricultural research for the adoption and understanding of food, agricultural, and natural resources practices, techniques, methods, and technologies using digital or other novel platforms.

“(2) **GRANTS.**—The Secretary shall award grants each fiscal year on a competitive basis—

“(A) for the design of 1 or more extension and education prototype systems—

“(i) that leverage digital platforms or other novel means of translating, delivering, or demonstrating agricultural research; and

“(ii) to adapt, apply, translate, or demonstrate scientific findings, data, technology, and other research outcomes to producers, the agricultural industry, and other interested persons or organizations; and

“(B) to demonstrate, by incorporating analytics and specific metrics, the value, impact, and return on the Federal investment of a prototype system designed under subparagraph (A) as a model for use by other eligible entities described in paragraph (3) for improving, modernizing, and adapting applied research, demonstration, and extension services.

“(3) ELIGIBLE ENTITIES.—An entity that is eligible to receive a grant under paragraph (2) is—

“(A) a State agricultural experiment station (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103));

“(B) a cooperative extension service (as defined in such section); and

“(C) a land-grant college or university (as defined in such section).

“(4) REQUIREMENT.—The Secretary shall award grants under paragraph (2) to not fewer than 2 and not more than 5 eligible entities described in paragraph (3) that represent a diversity of regions, commodities, and agricultural or food production issues.

“(5) TERM.—The term of a grant awarded under paragraph (2) shall be not longer than 5 years.

“(6) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection \$5,000,000 for each of fiscal years 2019 through 2023, to remain available until expended.”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 3157) is amended—

(1) in subsection (c)(2), in the matter preceding subparagraph (A), by striking “subsection—” and all that follows through “for the planning” in subparagraph (B) and inserting “subsection for the planning”; and

(2) in subsection (h), by inserting “, (d),” after “subsections (b)”.

SEC. 7506. REPEAL OF REVIEW OF AGRICULTURAL RESEARCH SERVICE.

Section 7404 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3101 note; Public Law 107–171) is repealed.

SEC. 7507. BIOMASS RESEARCH AND DEVELOPMENT.

Section 9008 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8108) is amended—

(1) in subsection (a)(1)—

(A) in subparagraph (A), by striking “or” at the end;

(B) in subparagraph (B), by striking the period at the end and inserting “; or”; and

(C) by adding at the end the following:

“(C) carbon dioxide that—

“(i) is intended for permanent sequestration or utilization; and

“(ii) is a byproduct of the production of the products described in subparagraphs (A) and (B).”;

(2) in subsection (d)(2)(A)—

(A) in clause (xii), by striking “and” at the end;

- (B) by redesignating clause (xiii) as clause (xiv); and
- (C) by inserting after clause (xii) the following:
 - “(xiii) an individual with expertise in carbon dioxide capture, utilization, and sequestration; and”;
- (3) in subsection (e)—
 - (A) in paragraph (2)(B)—
 - (i) in clause (ii), by striking “and” at the end; and
 - (ii) by adding at the end the following:
 - “(iv) to permanently sequester or utilize carbon dioxide described in subsection (a)(1)(C); and”;
 - (B) in paragraph (3)(B)—
 - (i) in clause (i), by striking “and” at the end;
 - (ii) in clause (ii), by striking the period at the end and inserting “; and”;
 - (iii) by adding at the end the following:
 - “(iii) the development of technologies to permanently sequester or utilize carbon dioxide described in subsection (a)(1)(C).”;
- (4) in subsection (h)(2), by striking “2018” and inserting “2023”.

SEC. 7508. REINSTATEMENT OF MATCHING REQUIREMENT FOR FEDERAL FUNDS USED IN EXTENSION WORK AT THE UNIVERSITY OF THE DISTRICT OF COLUMBIA.

(a) **IN GENERAL.**—Section 209(c) of the District of Columbia Public Postsecondary Education Reorganization Act (Public Law 93–471; sec. 38–1202.09(c), D.C. Official Code) is amended by inserting after the first sentence the following: “Such sums may be used to pay not more than ½ of the total cost of providing such extension work.”

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 7509. RENEWABLE RESOURCES EXTENSION ACT OF 1978.

(a) **AUTHORIZATION OF APPROPRIATIONS.**—Section 6 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1675) is amended in the first sentence by striking “2018” and inserting “2023”.

(b) **TERMINATION DATE.**—Section 8 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 note; Public Law 95–306) is amended by striking “2018” and inserting “2023”.

SEC. 7510. NATIONAL AQUACULTURE ACT OF 1980.

Section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) is amended by striking “2018” each place it appears and inserting “2023”.

SEC. 7511. FEDERAL AGRICULTURE RESEARCH FACILITIES.

Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (title XIV of Public Law 99–198; 99 Stat. 1556) is amended by striking “2018” and inserting “2023”.

Subtitle F—Other Matters

SEC. 7601. ENHANCED USE LEASE AUTHORITY PROGRAM.

(a) **TRANSITION TO PERMANENT PROGRAM.**—Section 308 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 3125a note) is amended—

- (1) in the section heading, by striking “PILOT”; and
- (2) in subsection (a), by striking “pilot”.

(b) **TERMINATION OF AUTHORITY EXTENDED.**—Section 308(b)(6)(A) of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 3125a note) is amended by striking “on the date that is 10 years after the date of enactment of this section” and inserting “on September 30, 2023”.

(c) **REPORTS.**—Section 308(d)(2) of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 3125a note) is amended by striking “Not later than 6, 8, and 10 years after the date of enactment of this section” and inserting “Not later than September 30, 2021”.

SEC. 7602. TRANSFER OF ADMINISTRATIVE JURISDICTION OVER PORTION OF HENRY A. WALLACE BELTSVILLE AGRICULTURAL RESEARCH CENTER, BELTSVILLE, MARYLAND.

(a) **TRANSFER AUTHORIZED.**—Subject to subsection (e), the Secretary may transfer to the Secretary of the Treasury administrative jurisdiction over a parcel of real property at the Henry A. Wallace Beltsville Agricultural Research Center consisting of approximately 100 acres, which was originally acquired by the United States through land acquisitions in 1910 and 1925, and is generally located off of Poultry Road lying between Powder Mill Road and Odell Road in Beltsville, Maryland, for the purpose of facilitating the establishment of Bureau of Engraving and Printing facilities on the parcel.

(b) **LEGAL DESCRIPTION AND MAP.**—

(1) **PREPARATION.**—The Secretary shall prepare a legal description and map of the parcel of real property to be transferred under subsection (a).

(2) **FORCE OF LAW.**—The legal description and map prepared under paragraph (1) shall have the same force and effect as if included in this Act, except that the Secretary may correct errors in the legal description and map.

(c) **TERMS AND CONDITIONS.**—The transfer of administrative jurisdiction under subsection (a) shall be subject to easements, valid existing rights, and such other reservations, terms, and conditions as the Secretary considers to be necessary.

(d) **WAIVER.**—The parcel of real property under subsection (a) is exempt from Federal screening for other possible use due to an identified Federal need for the parcel as the site of Bureau of Engraving and Printing facilities.

(e) **CONDITIONS FOR TRANSFER.**—As a condition of the transfer of administrative jurisdiction under subsection (a) with respect to the parcel described in such subsection—

- (1) the Secretary of the Treasury shall agree to pay the Secretary the costs incurred to carry out such transfer, including the costs for—

(A) any environmental or administrative analysis required by law with respect to the parcel to be so transferred;

(B) a survey of such parcel, if necessary; and

(C) any hazardous substances assessment of the parcel to be so transferred; and

(2) except as provided in subsection (d), the Secretary shall enter into a binding memorandum of agreement with the Secretary of the Treasury regarding the responsibilities, including financial responsibilities, of each party for evaluating and, if necessary, remediating or otherwise addressing hazardous substances, pollutants, or contaminants found at the parcel described in subsection (a).

(f) HAZARDOUS MATERIALS.—Nothing in this section, or the amendments made by this section, amends, alters, or affects the relevant Federal and State environmental laws, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.), or the application of such laws to the parcel of real property transferred under subsection (a).

SEC. 7603. FOUNDATION FOR FOOD AND AGRICULTURE RESEARCH.

Section 7601 of the Agricultural Act of 2014 (7 U.S.C. 5939) is amended—

(1) in subsection (d)(1)—

(A) in subparagraph (B)—

(i) in clause (ii), by striking “conflicts;” and inserting “conflicts, specifically at the Department of Agriculture; and”; and

(ii) by adding at the end the following new clause: “(iii) document the consultation process and include a summary of the results in the annual report required in subsection (f)(3)(B);” and

(B) in subparagraph (D), by inserting “and agriculture stakeholders” after “community”;

(2) in subsection (e)—

(A) in paragraph (2)(C)(ii)(I), by inserting “agriculture or” before “agricultural research”; and

(B) in paragraph (4)(A)—

(i) in clause (iii), by striking “and” at the end;

(ii) by redesignating clause (iv) as clause (v); and

(iii) by inserting after clause (iii) the following: “(iv) actively solicit and accept funds, gifts, grants, devises, or bequests of real or personal property made to the Foundation, including from private entities; and”;

(3) in subsection (f)—

(A) in paragraph (2)(A)(iii), by striking “any”; and

(B) in paragraph (3)(B)—

(i) in clause (i)(I)—

(I) in the matter preceding item (aa), by inserting “and post online” before “a report”;

(II) in item (aa), by striking “accomplishments; and” and inserting “accomplishments and how those activities align to the challenges identified in the strategic plan under clause (iv);”;

(III) in item (bb), by striking the period at the end and inserting “; and”; and

(IV) by adding at the end the following:

“(cc) a description of available agricultural research programs and priorities for the upcoming fiscal year.”; and

(ii) by adding at the end the following:

“(iii) STAKEHOLDER NOTICE.—The Foundation shall publish an annual notice with a description of agricultural research priorities under this section for the upcoming fiscal year, including—

“(I) a schedule for funding competitions;

“(II) a discussion of how applications for funding will be evaluated; and

“(III) how the Foundation will communicate information about funded awards to the public to ensure that grantees and partners understand the objectives of the Foundation.

“(iv) STRATEGIC PLAN.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, the Foundation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a strategic plan describing a path for the Foundation to become self-sustaining, including—

“(I) a forecast of major agricultural challenge opportunities identified by the scientific advisory councils of the Foundation and approved by the Board, including short- and long-term objectives;

“(II) an overview of the efforts that the Foundation will take to be transparent in each of the processes of the Foundation, including—

“(aa) processes relating to grant awards, including the selection, review, and notification processes;

“(bb) communication of past, current, and future research priorities; and

“(cc) plans to solicit and respond to public input on the opportunities identified in the strategic plan;

“(III) a description of financial goals and benchmarks for the next 10 years, including a detailed plan for—

“(aa) raising funds in amounts greater than the amounts required under subsection (g)(1)(B);

“(bb) soliciting additional resources pursuant to subsections (e)(4)(A)(iv) and (f)(2)(A)(iii); and

“(cc) managing and leveraging such resources pursuant to subsection (f)(2)(A)(vii); and

“(IV) other related issues, as determined by the Board.”; and

(4) in subsection (g)(1)—

(A) in the paragraph heading, by striking “MANDATORY FUNDING” and inserting “FUNDING”;

(B) in subparagraph (A)—

(i) by striking “On the date” and inserting the following:

“(i) ESTABLISHMENT FUNDING.—On the date”; and

(ii) by adding at the end the following:

“(ii) ENHANCED FUNDING.—On the date on which the strategic plan described in subsection (f)(3)(B)(iv) is submitted, of the funds of the Commodity Credit Corporation, the Secretary shall transfer to the Foundation to carry out this section \$185,000,000, to remain available until expended.”; and

(C) in subparagraph (B)—

(i) by striking “The Foundation” and inserting the following:

“(i) IN GENERAL.—The Foundation”;

(ii) in clause (i) (as so designated)—

(I) by striking “purposes” and inserting “purposes, duties, and powers”; and

(II) by striking “non-Federal matching funds for each expenditure” and inserting “matching funds from a non-Federal source, including an agricultural commodity promotion, research, and information program”; and

(iii) by adding at the end the following:

“(ii) EFFECT.—Nothing in this section requires the Foundation to require a matching contribution from an individual grantee as a condition of receiving a grant under this section.”.

SEC. 7604. ASSISTANCE FOR FORESTRY RESEARCH UNDER THE MCINTIRE-STENNIS COOPERATIVE FORESTRY ACT.

Section 2 of Public Law 87–788 (commonly known as the “McIntire-Stennis Cooperative Forestry Act”) (16 U.S.C. 582a–1) is amended in the second sentence—

(1) by striking “and” before “1890 Institutions”; and

(2) by inserting “and 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)) that offer an associate’s degree or a baccalaureate degree in forestry,” before “and (b)”.

SEC. 7605. LEGITIMACY OF INDUSTRIAL HEMP RESEARCH.

(a) IN GENERAL.—Section 7606 of the Agricultural Act of 2014 (7 U.S.C. 5940) is amended—

(1) by redesignating subsections (a) and (b) as subsections (b) and (a), respectively, and moving the subsections so as to appear in alphabetical order;

(2) in subsection (a) (as so redesignated)—

(A) by redesignating paragraph (3) as paragraph (4); and

(B) by inserting after paragraph (2) the following:

“(3) STATE.—The term ‘State’ has the meaning given such term in section 297A of the Agricultural Marketing Act of 1946.”;

(3) in subsection (b) (as so redesignated), in the subsection heading, by striking “IN GENERAL” and inserting “INDUSTRIAL HEMP RESEARCH”; and

(4) by adding at the end the following:

“(c) STUDY AND REPORT.—

“(1) IN GENERAL.—The Secretary shall conduct a study of agricultural pilot programs—

“(A) to determine the economic viability of the domestic production and sale of industrial hemp; and

“(B) that shall include a review of—

“(i) each agricultural pilot program; and

“(ii) any other agricultural or academic research relating to industrial hemp.

“(2) REPORT.—Not later than 12 months after the date of enactment of this subsection, the Secretary shall submit to Congress a report describing the results of the study conducted under paragraph (1).”.

(b) REPEAL.—Effective on the date that is 1 year after the date on which the Secretary establishes a plan under section 297C of the Agricultural Marketing Act of 1946, section 7606 of the Agricultural Act of 2014 (7 U.S.C. 5940) is repealed.

7 USC 5940 note.

SEC. 7606. COLLECTION OF DATA RELATING TO BARLEY AREA PLANTED AND HARVESTED.

For all acreage reports published after the date of enactment of this Act, the Secretary, acting through the Administrator of the National Agricultural Statistics Service, shall include the State of New York in the States surveyed to produce the table entitled “Barley Area Planted and Harvested” in those reports.

SEC. 7607. COLLECTION OF DATA RELATING TO THE SIZE AND LOCATION OF DAIRY FARMS.

(a) IN GENERAL.—Not later than 60 days after the date on which the 2017 Census of Agriculture is released, the Secretary, acting through the Administrator of the Economic Research Service, shall update the report entitled “Changes in the Size and Location of US Dairy Farms” contained in the report of the Economic Research Service entitled “Profits, Costs, and the Changing Structure of Dairy Farming” and published in September 2007.

(b) REQUIREMENT.—In updating the report described in subsection (a), the Secretary shall, to the maximum extent practicable, use the same unit of measurement for reporting the full range of herd sizes in Table 1 and Table 2 of the report while maintaining confidentiality of individual producers.

SEC. 7608. AGRICULTURE INNOVATION CENTER DEMONSTRATION PROGRAM.

Section 6402 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1632b) is amended—

(1) in subsection (d)(2)—

(A) in the matter preceding subparagraph (A), by striking “representatives of each of the following groups” and inserting “a diverse group of representatives of public and private entities, including the following:”;

(B) in subparagraph (A), by striking “The 2” and inserting “Two”;

(C) in subparagraph (B), by inserting “or a State legislator,” after “agency,”; and

(D) by amending subparagraph (C) to read as follows:

“(C) Four entities representing commodities produced in the State.”;

(2) in subsection (e)(1), by striking “subsection (i)” and inserting “subsection (g)”;

(3) by striking subsections (g), (h), and (i) and inserting the following new subsection:

“(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$15,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 7609. SMITH-LEVER COMMUNITY EXTENSION PROGRAM.

(a) IN GENERAL.—Section 3(d) of the Smith-Lever Act (7 U.S.C. 343(d)) is amended by adding at the end the following new sentence: “A 1994 Institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)) may compete for and receive funds directly from the Secretary of Agriculture for the Children, Youth, and Families at Risk funding program and the Federally Recognized Tribes Extension Program.”.

(b) CONFORMING AMENDMENT.—Section 533(a)(2)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking clause (ii) and inserting the following:

“(ii) the Smith-Lever Act (7 U.S.C. 341 et seq.), except as provided under—

“(I) section 3(b)(3) of that Act (7 U.S.C. 343(b)(3)); or

“(II) the third sentence of section 3(d) of that Act (7 U.S.C. 343(d)); or”.

7 USC 7632 note.

SEC. 7610. MECHANIZATION AND AUTOMATION FOR SPECIALTY CROPS.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary shall conduct a review of the programs of the Department of Agriculture that affect the production or processing of specialty crops.

(b) REQUIREMENTS.—The review under subsection (a) shall identify—

(1) programs that currently are, or previously have been, effectively used to accelerate the development and use of automation or mechanization in the production or processing of specialty crops; and

(2) programs that may be more effectively used to accelerate the development and use of automation or mechanization in the production or processing of specialty crops.

(c) STRATEGY.—With respect to programs identified under subsection (b), the Secretary shall develop and implement a strategy to accelerate the development and use of automation and mechanization in the production or processing of specialty crops.

SEC. 7611. EXPERIENCED SERVICES PROGRAM.

Section 1252 of the Food Security Act of 1985 (16 U.S.C. 3851) is amended—

(1) in the section heading, by striking “AGRICULTURE CONSERVATION”;

(2) in subsection (a)—

(A) in the first sentence—

(i) by striking “a conservation” and inserting “an”;

- (ii) by striking “(in this section referred to as the ‘ACES Program’)” and inserting “(referred to in this section as the ‘program’)”; and
- (iii) by striking “provide technical” and inserting the following: “provide—
- “(1) technical”; and
- (B) in paragraph (1) (as so designated)—
 - (i) by striking “Secretary. Such technical services may include” and inserting “Secretary, including”;
 - (ii) by striking the period at the end and inserting “; and”; and
 - (iii) by adding at the end the following:
 - “(2) technical, professional, and administrative services to support the research, education, and economics mission area of the Department of Agriculture (including the Agricultural Research Service, the Economic Research Service, the National Agricultural Library, the National Agricultural Statistics Service, the Office of the Chief Scientist, and the National Institute of Food and Agriculture), including—
 - “(A) supporting agricultural research and information;
 - “(B) advancing scientific knowledge relating to agriculture;
 - “(C) enhancing access to agricultural information;
 - “(D) providing statistical information and research results to farmers, ranchers, agribusiness, and public officials; and
 - “(E) assisting research, education, and extension programs in land-grant colleges and universities (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)).”;
- (3) by striking “ACES” each place it appears;
- (4) by striking “technical services” each place it appears (other than in subsection (a)) and inserting “technical, professional, or administrative services, as applicable,”; and
- (5) in subsection (c)—
 - (A) in paragraph (1)—
 - (i) by striking the paragraph heading and inserting “CONSERVATION TECHNICAL SERVICES.—”; and
 - (ii) by inserting “with respect to subsection (a)(1),” before “the Secretary”; and
 - (B) by adding at the end the following new paragraph:
 - “(3) RESEARCH, EDUCATION, AND ECONOMICS SERVICES.— With respect to services referred to in subsection (a)(2), the Secretary may carry out the program under the mission area referred to in such subsection to the extent that funds are specifically appropriated to provide such services under such mission area.”.

SEC. 7612. SIMPLIFIED PLAN OF WORK.

- (a) SMITH-LEVER ACT.—The Smith-Lever Act is amended—
 - (1) in section 3(h)(2) (7 U.S.C. 343(h)(2)), by striking subparagraph (D); and
 - (2) in section 4(c) (7 U.S.C. 344(c)), by striking paragraphs (1) through (5) and inserting the following new paragraphs:
 - “(1) A summary of planned projects or programs in the State using formula funds.

“(2) A description of the manner in which the State will meet the requirements of section 3(h).

“(3) A description of the manner in which the State will meet the requirements of section 3(i)(2) of the Hatch Act of 1887 (7 U.S.C. 361c(i)(2)).

“(4) A description of matching funds provided by the State with respect to the previous fiscal year.”.

(b) HATCH ACT.—The Hatch Act of 1887 is amended—

(1) in section 3 (7 U.S.C. 361c)—

(A) by amending subsection (h) to read as follows:

“(h) PEER REVIEW.—Research carried out under subsection (c)(3) shall be subject to scientific peer review. The review of a project conducted under this subsection shall be considered to satisfy the merit review requirements of section 103(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613(e)).”; and

(B) in subsection (i)(2), by striking subparagraph (D);

and

(2) in section 7(e) (7 U.S.C. 361g(e)), by striking paragraphs (1) through (4) and inserting the following new paragraphs:

“(1) A summary of planned projects or programs in the State using formula funds.

“(2) A description of the manner in which the State will meet the requirements of subsections (c)(3) and (i)(2) of section 3.

“(3) A description of matching funds provided by the State with respect to the previous fiscal year.”.

(c) EXTENSION AND RESEARCH AT 1890 INSTITUTIONS.—

(1) EXTENSION.—Section 1444(d)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(d)(3)) is amended by striking subparagraphs (A) through (E) and inserting the following new subparagraphs:

“(A) A summary of planned projects or programs in the State using formula funds.

“(B) A description of matching funds provided by the State with respect to the previous fiscal year.”.

(2) RESEARCH.—Section 1445(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(c)(3)) is amended by striking subparagraphs (A) through (E) and inserting the following new subparagraphs:

“(A) A summary of planned projects or programs in the State using formula funds.

“(B) A description of matching funds provided by the State with respect to the previous fiscal year.”.

7 USC 343 note.

SEC. 7613. REVIEW OF LAND-GRANT TIME AND EFFORT REPORTING REQUIREMENTS.

(a) IN GENERAL.—The Secretary, in consultation with the Office of Management and Budget, shall review and revise current reporting requirements related to compensation charges, documentation of personnel expenses, and other requirements that are commonly referred to as time and effort reporting for entities that receive funds under a program referred to in clause (iii), (iv), (vii), (viii), or (xii) of section 251(f)(1)(C) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971(f)(1)(C)).

(b) REVISIONS.—The Secretary shall ensure that any revision made pursuant to subsection (a)—

(1) is developed in collaboration with entities described in subsection (a); and

(2) reduces the amount of paperwork and time required by the requirements referred to in such subsection, as such requirements are in effect on the date of the enactment of this Act.

SEC. 7614. MATCHING FUNDS REQUIREMENT.

(a) **REPEAL.**—Subtitle P of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3371) is repealed.

(b) **CONFORMING AMENDMENTS.**—

(1) **NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977.**—

(A) **GRANTS TO ENHANCE RESEARCH CAPACITY IN SCHOOLS OF VETERINARY MEDICINE.**—Section 1415(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151(a)) is amended—

(i) by striking “The Secretary” and inserting the following:

“(1) **IN GENERAL.**—The Secretary”; and

(ii) by adding at the end the following:

“(2) **MATCHING REQUIREMENT.**—A State receiving a grant under paragraph (1) shall provide State matching funds equal to not less than the amount of the grant.”.

(B) **AQUACULTURE ASSISTANCE GRANT PROGRAM.**—Section 1475(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322(b)) is amended by striking “The Secretary” and all that follows through the period at the end and inserting the following:

“(1) **IN GENERAL.**—Subject to paragraph (3), the Secretary may make competitive grants to entities eligible for grants under paragraph (2) for research and extension to facilitate or expand promising advances in the production and marketing of aquacultural food species and products and to enhance the safety and wholesomeness of those species and products, including the development of reliable supplies of seed stock and therapeutic compounds.

“(2) **ELIGIBLE ENTITIES.**—The Secretary may make a competitive grant under paragraph (1) to—

“(A) a land-grant or seagrant college or university;

“(B) a State agricultural experiment station;

“(C) a college, university, or Federal laboratory having a demonstrable capacity to conduct aquacultural research, as determined by the Secretary; or

“(D) a nonprofit private research institution.

“(3) **MATCHING STATE GRANTS.**—

“(A) **IN GENERAL.**—Except as provided in subparagraph (B), the Secretary shall not make a grant under paragraph (1) unless the State in which the grant recipient is located makes a grant to that recipient in an amount equal to not less than the amount of the grant under paragraph (1) (of which State amount an in-kind contribution shall not exceed 50 percent).

“(B) **FEDERAL LABORATORIES.**—Subparagraph (A) shall not apply to a grant to a Federal laboratory.”.

(C) RANGELAND RESEARCH.—Section 1480 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3333) is amended—

- (i) by striking “The Secretary” and inserting “(a) IN GENERAL.—The Secretary”; and
- (ii) by adding at the end the following new subsection:

“(b) MATCHING REQUIREMENTS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), this grant program shall be based on a matching formula of 50 percent Federal and 50 percent non-Federal funding (including funding from an agricultural commodity promotion, research, and information program).

“(2) EXCEPTION.—Paragraph (1) shall not apply to a grant to a Federal laboratory or a grant under subsection (a)(2).”.

(2) FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990.—

(A) FEDERAL-STATE MATCHING GRANT PROGRAM.—Section 1623(d)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5813(d)(2)) is amended by striking the second sentence.

(B) AGRICULTURAL GENOME INITIATIVE.—Section 1671 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5924) (as amended by section 7208) is amended—

- (i) by redesignating subsection (f) as subsection (g); and
- (ii) by inserting after subsection (e) the following:

“(f) MATCHING FUNDS REQUIREMENT.—

“(1) IN GENERAL.—Subject to paragraph (3), with respect to a grant or cooperative agreement under this section that provides a particular benefit to a specific agricultural commodity, the recipient of funds under the grant or cooperative agreement shall provide non-Federal matching funds (including funds from an agricultural commodity promotion, research, and information program) equal to not less than the amount provided under the grant or cooperative agreement.

“(2) IN-KIND SUPPORT.—Non-Federal matching funds described in paragraph (1) may include in-kind support.

“(3) WAIVER.—The Secretary may waive the matching funds requirement under paragraph (1) with respect to a research project if the Secretary determines that—

“(A) the results of the project are of a particular benefit to a specific agricultural commodity, but those results are likely to be applicable to agricultural commodities generally; or

“(B)(i) the project—

“(I) involves a minor commodity; and

“(II) deals with scientifically important research;

and

“(ii) the recipient is unable to satisfy the matching funds requirement.”.

(C) HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.—Section 1672(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925(a)) is amended—

- (i) by striking “The Secretary of Agriculture” and inserting the following:

“(1) IN GENERAL.—The Secretary of Agriculture”;
 (ii) in paragraph (1) (as so designated), in the second sentence, by striking “The Secretary shall” and inserting the following:

“(3) CONSULTATION.—The Secretary shall”; and
 (iii) by inserting after paragraph (1) the following:

“(2) MATCHING FUNDS REQUIREMENT.—

“(A) IN GENERAL.—Subject to subparagraph (C), an entity receiving a grant under paragraph (1) shall provide non-Federal matching funds (including funds from an agricultural commodity promotion, research, and information program) equal to not less than the amount of the grant.

“(B) IN-KIND SUPPORT.—Non-Federal matching funds described in subparagraph (A) may include in-kind support.

“(C) WAIVER.—The Secretary may waive the matching funds requirement under subparagraph (A) with respect to a research project if the Secretary determines that—

“(i) the results of the project are of a particular benefit to a specific agricultural commodity, but those results are likely to be applicable to agricultural commodities generally; or

“(ii)(I) the project—

“(aa) involves a minor commodity; and

“(bb) deals with scientifically important research; and

“(II) the recipient is unable to satisfy the matching funds requirement.”.

(D) ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE.—Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b) (as amended by section 7210) is amended—

(i) by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively; and

(ii) by inserting after subsection (b) the following:

“(c) MATCHING REQUIREMENT.—

“(1) IN GENERAL.—Subject to paragraph (3), an entity receiving a grant under subsection (a) shall provide non-Federal matching funds (including funds from an agricultural commodity promotion, research, and information program) equal to not less than the amount of the grant.

“(2) IN-KIND SUPPORT.—Non-Federal matching funds described in paragraph (1) may include in-kind support.

“(3) WAIVER.—The Secretary may waive the matching funds requirement under paragraph (1) with respect to a research project if the Secretary determines that—

“(A) the results of the project are of a particular benefit to a specific agricultural commodity, but those results are likely to be applicable to agricultural commodities generally; or

“(B)(i) the project—

“(I) involves a minor commodity; and

“(II) deals with scientifically important research; and

“(ii) the recipient is unable to satisfy the matching funds requirement.”.

(3) AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION REFORM ACT OF 1998.—

(A) INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.—Section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626) is amended—

(i) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(ii) by inserting after subsection (c) the following:

“(d) MATCHING FUNDS REQUIREMENT.—

“(1) IN GENERAL.—Subject to paragraph (3), with respect to a grant under this section that provides a particular benefit to a specific agricultural commodity, the recipient of the grant shall provide non-Federal matching funds (including funds from an agricultural commodity promotion, research, and information program) equal to not less than the amount of the grant.

“(2) IN-KIND SUPPORT.—Non-Federal matching funds described in paragraph (1) may include in-kind support.

“(3) WAIVER.—The Secretary may waive the matching funds requirement under paragraph (1) with respect to a grant if the Secretary determines that—

“(A) the results of the grant are of a particular benefit to a specific agricultural commodity, but those results are likely to be applicable to agricultural commodities generally; or

“(B)(i) the grant—

“(I) involves a minor commodity; and

“(II) deals with scientifically important research;

and

“(ii) the recipient is unable to satisfy the matching funds requirement.”.

(B) SPECIALTY CROP RESEARCH INITIATIVE.—Section 412(g) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7632(g)) is amended—

(i) by redesignating paragraph (3) as paragraph (4); and

(ii) by inserting after paragraph (2) the following:

“(3) MATCHING REQUIREMENT.—

“(A) IN GENERAL.—An entity receiving a grant under this section shall provide non-Federal matching funds (including funds from an agricultural commodity promotion, research, and information program) equal to not less than the amount of the grant.

“(B) IN-KIND SUPPORT.—Non-Federal matching funds described in subparagraph (A) may include in-kind support.”.

(4) OTHER LAWS.—

(A) SUN GRANT PROGRAM.—Section 7526(c)(1)(C)(iv) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8114(c)(1)(C)(iv)) is amended by striking subclause (IV).

(B) AGRICULTURE AND FOOD RESEARCH INITIATIVE.—Subsection (b)(9) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 3157(b)(9)) is amended—

(i) in subparagraph (A), by striking clause (iii);

(ii) in subparagraph (B)—

(I) in clause (i), by striking “clauses (ii) and (iii),” and inserting “clause (ii),”; and

(II) by striking clause (iii); and

(iii) by adding at the end the following:

“(C) APPLIED RESEARCH.—An entity receiving a grant under paragraph (5)(B) for applied research that is commodity-specific and not of national scope shall provide non-Federal matching funds equal to not less than the amount of the grant.”

(c) APPLICATION OF AMENDMENTS.—

7 USC 3151 note.

(1) AWARDS MADE AFTER DATE OF ENACTMENT.—The amendments made by subsections (a) and (b) shall apply with respect to grants, cooperative agreements, or other awards described in subsection (b) that are made after the date of the enactment of this Act.

(2) AWARDS MADE ON OR BEFORE DATE OF ENACTMENT.—Notwithstanding the amendments made by subsections (a) and (b), a matching funds requirement in effect on the day before the date of enactment of this Act under a provision of law amended by subsection (a) or (b) shall continue to apply to a grant, cooperative agreement, or other award described in subsection (b) that is made on or before the date of the enactment of this Act.

TITLE VIII—FORESTRY

Subtitle A—Cooperative Forestry Assistance Act of 1978

SEC. 8101. SUPPORT FOR STATE ASSESSMENTS AND STRATEGIES FOR FOREST RESOURCES.

Section 2A(f)(1) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101a(f)(1)) is amended by striking “2018” and inserting “2023”.

SEC. 8102. STATE AND PRIVATE FOREST LANDSCAPE-SCALE RESTORATION PROGRAM.

(a) IN GENERAL.—Section 13A of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2109a) is amended to read as follows:

“SEC. 13A. STATE AND PRIVATE FOREST LANDSCAPE-SCALE RESTORATION PROGRAM.

“(a) PURPOSE.—The purpose of this section is to encourage collaborative, science-based restoration of priority forest landscapes.

“(b) DEFINITIONS.—In this section:

“(1) INDIAN TRIBE.—The term ‘Indian tribe’ has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

“(2) NONINDUSTRIAL PRIVATE FOREST LAND.—The term ‘non-industrial private forest land’ means land that—

“(A) is rural, as determined by the Secretary;

“(B) has existing tree cover or is suitable for growing trees; and

“(C) is owned by any private individual, group, association, corporation, Indian tribe, or other private legal entity.

“(3) STATE FOREST LAND.—The term ‘State forest land’ means land that—

“(A) is rural, as determined by the Secretary; and

“(B) is under State or local governmental ownership and considered to be non-Federal forest land.

“(c) ESTABLISHMENT.—The Secretary, in consultation with State foresters or appropriate State agencies, shall establish a competitive grant program to provide financial and technical assistance to encourage collaborative, science-based restoration of priority forest landscapes.

“(d) ELIGIBILITY.—To be eligible to receive a grant under this section, an applicant shall submit to the Secretary, through the State forester or appropriate State agency, a State and private forest landscape-scale restoration proposal based on a restoration strategy that—

“(1) is complete or substantially complete;

“(2) is for a multiyear period;

“(3) covers nonindustrial private forest land or State forest land;

“(4) is accessible by wood-processing infrastructure; and

“(5) is based on the best available science.

“(e) PLAN CRITERIA.—A State and private forest landscape-scale restoration proposal submitted under this section shall include plans—

“(1) to reduce the risk of uncharacteristic wildfires;

“(2) to improve fish and wildlife habitats, including the habitats of threatened and endangered species;

“(3) to maintain or improve water quality and watershed function;

“(4) to mitigate invasive species, insect infestation, and disease;

“(5) to improve important forest ecosystems;

“(6) to measure ecological and economic benefits, including air quality and soil quality and productivity; and

“(7) to take other relevant actions, as determined by the Secretary.

“(f) PRIORITIES.—In making grants under this section, the Secretary shall give priority to plans that—

“(1) further a statewide forest assessment and resource strategy;

“(2) promote cross boundary landscape collaboration; and

“(3) leverage public and private resources.

“(g) COLLABORATION AND CONSULTATION.—The Chief of the Forest Service, the Chief of the Natural Resources Conservation Service, and relevant stakeholders shall collaborate and consult on an ongoing basis regarding—

“(1) administration of the program established under this section; and

“(2) identification of other applicable resources for landscape-scale restoration.

“(h) MATCHING FUNDS REQUIRED.—As a condition of receiving a grant under this section, the Secretary shall require the recipient of the grant to provide funds or in-kind support from non-Federal sources in an amount that is at least equal to the amount of Federal funds.

“(i) COORDINATION AND PROXIMITY ENCOURAGED.—In making grants under this section, the Secretary may consider coordination with and proximity to other landscape-scale projects on other land under the jurisdiction of the Secretary, the Secretary of the Interior, or a Governor of a State, including under—

“(1) the Collaborative Forest Landscape Restoration Program established under section 4003 of the Omnibus Public Land Management Act of 2009 (16 U.S.C. 7303);

“(2) landscape areas designated for insect and disease treatments under section 602 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6591a);

“(3) good neighbor authority under section 19;

“(4) stewardship end result contracting projects authorized under section 604 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6591c);

“(5) appropriate State-level programs; and

“(6) other relevant programs, as determined by the Secretary.

“(j) REGULATIONS.—The Secretary shall promulgate such regulations as the Secretary determines necessary to carry out this section.

“(k) REPORT.—Not later than 3 years after the date of enactment of this section, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on—

“(1) the status of development, execution, and administration of selected projects;

“(2) the accounting of program funding expenditures; and

“(3) specific accomplishments that have resulted from landscape-scale projects.

“(l) FUND.—

“(1) IN GENERAL.—There is established in the Treasury a fund, to be known as the ‘State and Private Forest Landscape-Scale Restoration Fund’ (referred to in this subsection as the ‘Fund’), to be used by the Secretary to make grants under this section.

“(2) CONTENTS.—The Fund shall consist of such amounts as are appropriated to the Fund under paragraph (3).

“(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Fund \$20,000,000 for each fiscal year beginning with the first full fiscal year after the date of enactment of this subsection through fiscal year 2023, to remain available until expended.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 13B of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2109b) is repealed.

(2) Section 19(a)(4)(C) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113(a)(4)(C)) is amended by striking “sections 13A and 13B” and inserting “section 13A”.

Subtitle B—Forest and Rangeland Renewable Resources Research Act of 1978

SEC. 8201. REPEAL OF RECYCLING RESEARCH.

Section 9 of the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1648) is repealed.

SEC. 8202. REPEAL OF FORESTRY STUDENT GRANT PROGRAM.

Section 10 of the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1649) is repealed.

Subtitle C—Global Climate Change Prevention Act of 1990

SEC. 8301. REPEALS RELATING TO BIOMASS.

(a) BIOMASS ENERGY DEMONSTRATION PROJECTS.—Section 2410 of the Global Climate Change Prevention Act of 1990 (7 U.S.C. 6708) is repealed.

(b) INTERAGENCY COOPERATION TO MAXIMIZE BIOMASS GROWTH.—Section 2411 of the Global Climate Change Prevention Act of 1990 (7 U.S.C. 6709) is amended in the matter preceding paragraph (1) by striking “to—” and all that follows through “such forests and lands” in paragraph (2) and inserting “to develop a program to manage forests and land on Department of Defense military installations”.

Subtitle D—Healthy Forests Restoration Act of 2003

SEC. 8401. PROMOTING CROSS-BOUNDARY WILDFIRE MITIGATION.

Section 103 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6513) is amended by adding at the end the following:

“(e) CROSS-BOUNDARY HAZARDOUS FUEL REDUCTION PROJECTS.—

“(1) DEFINITIONS.—In this subsection:

“(A) HAZARDOUS FUEL REDUCTION PROJECT.—The term ‘hazardous fuel reduction project’ means a hazardous fuel reduction project described in paragraph (2).

“(B) NON-FEDERAL LAND.—The term ‘non-Federal land’ includes—

- “(i) State land;
- “(ii) county land;
- “(iii) Tribal land;
- “(iv) private land; and
- “(v) other non-Federal land.

“(2) GRANTS.—The Secretary may make grants to State foresters to support hazardous fuel reduction projects that incorporate treatments in landscapes across ownership boundaries on Federal and non-Federal land, particularly in areas identified as priorities in applicable State-wide forest resource assessments or strategies under section 2A(a) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101a(a)), as mutually agreed to by the State forester and the Regional Forester.

“(3) LAND TREATMENTS.—To conduct and fund treatments for hazardous fuel reduction projects carried out by State foresters using grants under paragraph (2), the Secretary may use the authorities of the Secretary relating to cooperation and technical and financial assistance, including the good neighbor authority under—

“(A) section 8206 of the Agricultural Act of 2014 (16 U.S.C. 2113a); and

“(B) section 331 of the Department of the Interior and Related Agencies Appropriations Act, 2001 (16 U.S.C. 1011 note; Public Law 106–291).

“(4) COOPERATION.—In carrying out a hazardous fuel reduction project using a grant under paragraph (2) on non-Federal land, the State forester, in consultation with the Secretary—

“(A) shall consult with any applicable owners of the non-Federal land; and

“(B) shall not implement the hazardous fuel reduction project on non-Federal land without the consent of the owner of the non-Federal land.

“(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection \$20,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 8402. AUTHORIZATION OF APPROPRIATIONS FOR HAZARDOUS FUEL REDUCTION ON FEDERAL LAND.

Section 108 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6518) is amended by striking “\$760,000,000 for each fiscal year” and inserting “\$660,000,000 for each of fiscal years 2019 through 2023”.

SEC. 8403. REPEAL OF BIOMASS COMMERCIAL UTILIZATION GRANT PROGRAM.

(a) IN GENERAL.—Section 203 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6531) is repealed.

(b) CONFORMING AMENDMENT.—The table of contents for the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6501 note; Public Law 108–148) is amended by striking the item relating to section 203.

SEC. 8404. WATER SOURCE PROTECTION PROGRAM.

(a) IN GENERAL.—Title III of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6541 et seq.) is amended by adding at the end the following:

“SEC. 303. WATER SOURCE PROTECTION PROGRAM.

16 USC 6542.

“(a) DEFINITIONS.—In this section:

“(1) END WATER USER.—The term ‘end water user’ means a non-Federal entity, including—

“(A) a State;

“(B) a political subdivision of a State;

“(C) an Indian tribe;

“(D) a utility;

“(E) a municipal water system;

“(F) an irrigation district;

“(G) a nonprofit organization; and

“(H) a corporation.

“(2) FOREST MANAGEMENT ACTIVITY.—The term ‘forest management activity’ means a project carried out by the Secretary on National Forest System land.

“(3) FOREST PLAN.—The term ‘forest plan’ means a land management plan prepared by the Forest Service for a unit of the National Forest System pursuant to section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1604).

“(4) NON-FEDERAL PARTNER.—The term ‘non-Federal partner’ means an end water user with whom the Secretary has entered into a partnership agreement under subsection (c)(1).

“(5) PROGRAM.—The term ‘Program’ means the Water Source Protection Program established under subsection (b).

“(6) SECRETARY.—The term ‘Secretary’ means the Secretary of Agriculture, acting through the Chief of the Forest Service.

“(7) WATER SOURCE MANAGEMENT PLAN.—The term ‘water source management plan’ means the water source management plan developed under subsection (d)(1).

“(b) ESTABLISHMENT.—The Secretary shall establish and maintain a program, to be known as the ‘Water Source Protection Program’, to carry out watershed protection and restoration projects on National Forest System land.

“(c) WATER SOURCE INVESTMENT PARTNERSHIPS.—

“(1) IN GENERAL.—In carrying out the Program, the Secretary may enter into water source investment partnership agreements with end water users to protect and restore the condition of National Forest watersheds that provide water to the end water users.

“(2) FORM.—A partnership agreement described in paragraph (1) may take the form of—

“(A) a memorandum of understanding;

“(B) a cost-share or collection agreement;

“(C) a long-term funding matching commitment; or

“(D) another appropriate instrument, as determined

by the Secretary.

“(d) WATER SOURCE MANAGEMENT PLAN.—

“(1) IN GENERAL.—In carrying out the Program, the Secretary, in cooperation with the non-Federal partners and applicable State, local, and Tribal governments, may develop a water source management plan that describes the proposed implementation of watershed protection and restoration projects under the Program.

“(2) REQUIREMENT.—A water source management plan shall be conducted in a manner consistent with the forest plan applicable to the National Forest System land on which the watershed protection and restoration project is carried out.

“(3) ENVIRONMENTAL ANALYSIS.—The Secretary may conduct a single environmental impact statement or similar analysis required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)—

“(A) for each watershed protection and restoration project included in the water source management plan; or

“(B) as part of the development of, or after the finalization of, the water source management plan.

“(e) FOREST MANAGEMENT ACTIVITIES.—

“(1) IN GENERAL.—To the extent that forest management activities are necessary to protect, maintain, or enhance water quality, and in accordance with paragraph (2), the Secretary shall carry out forest management activities as part of watershed protection and restoration projects carried out on National Forest System land, with the primary purpose of—

“(A) protecting a municipal water supply system;

“(B) restoring forest health from insect infestations and disease; or

“(C) any combination of the purposes described in subparagraphs (A) and (B).

“(2) COMPLIANCE.—The Secretary shall carry out forest management activities under paragraph (1) in accordance with—

“(A) this Act;

“(B) the applicable water source management plan;

“(C) the applicable forest plan; and

“(D) other applicable laws.

“(f) ENDANGERED SPECIES ACT OF 1973.—In carrying out the Program, the Secretary may use the Manual on Adaptive Management of the Department of the Interior, including any associated guidance, to comply with the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.).

“(g) FUNDS AND SERVICES.—

“(1) IN GENERAL.—In carrying out the Program, the Secretary may accept and use funding, services, and other forms of investment and assistance from non-Federal partners to implement the water source management plan.

“(2) MATCHING FUNDS REQUIRED.—The Secretary shall require the contribution of funds or in-kind support from non-Federal partners to be in an amount that is at least equal to the amount of Federal funds.

“(3) MANNER OF USE.—The Secretary may accept and use investments described in paragraph (1) directly or indirectly through the National Forest Foundation.

“(4) WATER SOURCE PROTECTION FUND.—

“(A) IN GENERAL.—Subject to the availability of appropriations, the Secretary may establish a Water Source Protection Fund to match funds or in-kind support contributed by non-Federal partners under paragraph (1).

“(B) USE OF APPROPRIATED FUNDS.—There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2019 through 2023.

“(C) PARTNERSHIP AGREEMENTS.—The Secretary may make multiyear commitments, if necessary, to implement 1 or more partnership agreements under subsection (c).”.

(b) CONFORMING AMENDMENT.—The table of contents for the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6501 note; Public Law 108–148) is amended by striking the item relating to section 303 and inserting the following:

“Sec. 303. Water Source Protection Program.”.

SEC. 8405. WATERSHED CONDITION FRAMEWORK.

(a) IN GENERAL.—Title III of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6541 et seq.) (as amended by section 8404(a)) is amended by adding at the end the following:

“SEC. 304. WATERSHED CONDITION FRAMEWORK.

16 USC 6543.

“(a) IN GENERAL.—The Secretary of Agriculture, acting through the Chief of the Forest Service (referred to in this section as the ‘Secretary’), may establish and maintain a Watershed Condition Framework for National Forest System land—

“(1) to evaluate and classify the condition of watersheds, taking into consideration—

“(A) water quality and quantity;

“(B) aquatic habitat and biota;

“(C) riparian and wetland vegetation;

“(D) the presence of roads and trails;

“(E) soil type and condition;

“(F) groundwater-dependent ecosystems;

“(G) relevant terrestrial indicators, such as fire regime, risk of catastrophic fire, forest and rangeland vegetation, invasive species, and insects and disease; and

“(H) other significant factors, as determined by the Secretary;

“(2) to identify for protection and restoration up to 5 priority watersheds in each National Forest, and up to 2 priority watersheds in each national grassland, taking into consideration the impact of the condition of the watershed condition on—

“(A) wildfire behavior;

“(B) flood risk;

“(C) fish and wildlife;

“(D) drinking water supplies;

“(E) irrigation water supplies;

“(F) forest-dependent communities; and

“(G) other significant impacts, as determined by the Secretary;

“(3) to develop a watershed protection and restoration action plan for each priority watershed that—

“(A) takes into account existing restoration activities being implemented in the watershed; and

“(B) includes, at a minimum—

“(i) the major stressors responsible for the impaired condition of the watershed;

“(ii) a set of essential projects that, once completed, will address the identified stressors and improve watershed conditions;

“(iii) a proposed implementation schedule;

“(iv) potential partners and funding sources; and

“(v) a monitoring and evaluation program;

“(4) to prioritize protection and restoration activities for each watershed restoration action plan;

“(5) to implement each watershed protection and restoration action plan; and

“(6) to monitor the effectiveness of protection and restoration actions and indicators of watershed health.

“(b) COORDINATION.—In carrying out subsection (a), the Secretary shall—

“(1) coordinate with interested non-Federal landowners and State, Tribal, and local governments within the relevant watershed; and

“(2) provide for an active and ongoing public engagement process.

“(c) EMERGENCY DESIGNATION.—Notwithstanding paragraph (2) of subsection (a), the Secretary may identify a watershed as a priority for rehabilitation in the Watershed Condition Framework without using the process described in that subsection if a Forest Supervisor determines that—

“(1) a wildfire has significantly diminished the condition of the watershed; and

“(2) the emergency stabilization activities of the Burned Area Emergency Response Team are insufficient to return the watershed to proper function.”.

(b) CONFORMING AMENDMENT.—The table of contents for the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6501 note;

Public Law 108–148) (as amended by section 8404(b)) is amended by inserting after the item relating to section 303 the following:

“Sec. 304. Watershed Condition Framework.”

SEC. 8406. AUTHORIZATION OF APPROPRIATIONS TO COMBAT INSECT INFESTATIONS AND RELATED DISEASES.

(a) IN GENERAL.—Section 406 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6556) is amended to read as follows:

“SEC. 406. TERMINATION OF EFFECTIVENESS.

“The authority provided by this title terminates effective October 1, 2023.”

(b) CONFORMING AMENDMENT.—The table of contents for the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6501 note; Public Law 108–148) is amended by striking the item relating to section 406 and inserting the following:

“Sec. 406. Termination of effectiveness.”

SEC. 8407. HEALTHY FORESTS RESTORATION ACT OF 2003 AMENDMENTS.

(a) HEALTHY FORESTS RESERVE PROGRAM.—

(1) ADDITIONAL PURPOSE OF PROGRAM.—Section 501(a) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6571(a)) is amended—

(A) by striking “and” at the end of paragraph (2);

(B) by redesignating paragraph (3) as paragraph (4);

and

(C) by inserting after paragraph (2) the following new paragraph:

“(3) to conserve forest land that provides habitat for species described in section 502(b); and”

(2) ELIGIBILITY FOR ENROLLMENT.—Subsection (b) of section 502 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6572) is amended to read as follows:

“(b) ELIGIBILITY.—To be eligible for enrollment in the healthy forests reserve program, land shall be private forest land, or private land being restored to forest land, the enrollment of which will maintain, restore, enhance, or otherwise measurably—

“(1) increase the likelihood of recovery of a species that is listed as endangered or threatened under section 4 of the Endangered Species Act of 1973 (16 U.S.C. 1533); or

“(2) improve the well-being of a species that—

“(A) is—

“(i) not listed as endangered or threatened under such section; and

“(ii) a candidate for such listing, a State-listed species, or a special concern species; or

“(B) is deemed a species of greatest conservation need by a State wildlife action plan.”

(3) OTHER ENROLLMENT CONSIDERATIONS.—Section 502(c) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6572(c)) is amended—

(A) by striking “and” at the end of paragraph (1);

(B) by redesignating paragraph (2) as paragraph (3);

and

(C) by inserting after paragraph (1) the following new paragraph:

“(2) conserve forest land that provides habitat for species described in subsection (b); and”.

(4) **ELIMINATION OF LIMITATION ON USE OF EASEMENTS.**—Section 502(e) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6572(e)) is amended by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

(5) **ENROLLMENT OF ACREAGE OWNED BY AN INDIAN TRIBE.**—Paragraph (2) of section 502(e) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6572(e)) (as redesignated by paragraph (4)) is amended, in subparagraph (B), by striking clauses (ii) and (iii) and inserting the following new clauses:

“(ii) a 10-year cost-share agreement;

“(iii) a permanent easement; or

“(iv) any combination of the options described in clauses (i) through (iii).”.

(6) **ENROLLMENT PRIORITY.**—Section 502(f)(1)(B) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6572(f)(1)(B)) is amended by striking clause (ii) and inserting the following:

“(ii)(I) are candidates for such listing, State-listed species, or special concern species; or

“(II) are deemed a species of greatest conservation need under a State wildlife action plan.”.

(7) **RESTORATION PLANS.**—Subsection (b) of section 503 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6573) is amended to read as follows:

“(b) **PRACTICES.**—The restoration plan shall require such restoration practices and measures as are necessary to restore and enhance habitat for species described in section 502(b), including the following:

“(1) Land management practices.

“(2) Vegetative treatments.

“(3) Structural practices and measures.

“(4) Practices to increase carbon sequestration.

“(5) Practices to improve biological diversity.

“(6) Other practices and measures.”.

(8) **FUNDING.**—Section 508(b) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6578(b)) is amended—

(A) in the subsection heading, by striking “FISCAL YEARS 2014 THROUGH 2018” and inserting “AUTHORIZATION OF APPROPRIATIONS”; and

(B) by striking “2018” and inserting “2023”.

(9) **TECHNICAL CORRECTION.**—Section 503(a) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6573(a)) is amended by striking “Secretary of Interior” and inserting “Secretary of the Interior”.

(b) **INSECT AND DISEASE INFESTATION.**—

(1) **TREATMENT OF AREAS.**—Section 602(d)(1) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6591a(d)(1)) is amended by striking “subsection (b) to reduce the risk or extent of, or increase the resilience to, insect or disease infestation in the areas.” and inserting the following: “subsection (b)—

“(A) to reduce the risk or extent of, or increase the resilience to, insect or disease infestation; or

“(B) to reduce hazardous fuels.”.

(2) **EXTENSION OF AUTHORITY.**—Section 602(d)(2) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6591a(d)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 8408. AUTHORIZATION OF APPROPRIATIONS FOR DESIGNATION OF TREATMENT AREAS.

Section 602 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6591a) is amended by striking subsection (f).

Subtitle E—Repeal or Reauthorization of Miscellaneous Forestry Programs

SEC. 8501. REPEAL OF REVISION OF STRATEGIC PLAN FOR FOREST INVENTORY AND ANALYSIS.

Section 8301 of the Agricultural Act of 2014 (16 U.S.C. 1642 note; Public Law 113–79) is repealed.

SEC. 8502. SEMIARID AGROFORESTRY RESEARCH CENTER.

Section 1243(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 1642 note; Public Law 101–624) is amended by striking “annually” and inserting “for each of fiscal years 2019 through 2023”.

SEC. 8503. NATIONAL FOREST FOUNDATION ACT.

(a) **MATCHING FUNDS.**—Section 405(b) of the National Forest Foundation Act (16 U.S.C. 583j–3(b)) is amended by striking “2018” and inserting “2023”.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—Section 410(b) of the National Forest Foundation Act (16 U.S.C. 583j–8(b)) is amended by striking “2018” and inserting “2023”.

SEC. 8504. CONVEYANCE OF FOREST SERVICE ADMINISTRATIVE SITES.

Section 503(f) of the Forest Service Facility Realignment and Enhancement Act of 2005 (16 U.S.C. 580d note; Public Law 109–54) is amended by striking “2016” and inserting “2023”.

Subtitle F—Forest Management

SEC. 8601. DEFINITION OF NATIONAL FOREST SYSTEM.

In this subtitle, the term “National Forest System” has the meaning given the term in section 11(a) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1609(a)).

16 USC 580d
note.

PART I—EXPEDITED ENVIRONMENTAL ANALYSIS AND AVAILABILITY OF CATEGORICAL EXCLUSIONS TO EXPEDITE FOREST MANAGEMENT ACTIVITIES

SEC. 8611. CATEGORICAL EXCLUSION FOR GREATER SAGE-GROUSE AND MULE DEER HABITAT.

(a) **IN GENERAL.**—Title VI of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6591 et seq.) is amended by adding at the end the following:

“SEC. 606. CATEGORICAL EXCLUSION FOR GREATER SAGE-GROUSE AND MULE DEER HABITAT.

“(a) DEFINITIONS.—In this section:

“(1) COVERED VEGETATION MANAGEMENT ACTIVITY.—

“(A) IN GENERAL.—The term ‘covered vegetation management activity’ means any activity described in subparagraph (B) that—

“(i)(I) is carried out on National Forest System land administered by the Forest Service; or

“(II) is carried out on public land administered by the Bureau of Land Management;

“(ii) with respect to public land, meets the objectives of the order of the Secretary of the Interior numbered 3336 and dated January 5, 2015;

“(iii) conforms to an applicable forest plan or land use plan;

“(iv) protects, restores, or improves greater sage-grouse or mule deer habitat in a sagebrush steppe ecosystem as described in—

“(I) Circular 1416 of the United States Geological Survey entitled ‘Restoration Handbook for Sagebrush Steppe Ecosystems with Emphasis on Greater Sage-Grouse Habitat—Part 1. Concepts for Understanding and Applying Restoration’ (2015); or

“(II) the habitat guidelines for mule deer published by the Mule Deer Working Group of the Western Association of Fish and Wildlife Agencies;

“(v) will not permanently impair—

“(I) the natural state of the treated area;

“(II) outstanding opportunities for solitude;

“(III) outstanding opportunities for primitive, unconfined recreation;

“(IV) economic opportunities consistent with multiple-use management; or

“(V) the identified values of a unit of the National Landscape Conservation System;

“(vi)(I) restores native vegetation following a natural disturbance;

“(II) prevents the expansion into greater sage-grouse or mule deer habitat of—

“(aa) juniper, pinyon pine, or other associated conifers; or

“(bb) nonnative or invasive vegetation;

“(III) reduces the risk of loss of greater sage-grouse or mule deer habitat from wildfire or any other natural disturbance; or

“(IV) provides emergency stabilization of soil resources after a natural disturbance; and

“(vii) provides for the conduct of restoration treatments that—

“(I) maximize the retention of old-growth and large trees, as appropriate for the forest type;

“(II) consider the best available scientific information to maintain or restore the ecological integrity, including maintaining or restoring structure, function, composition, and connectivity;

“(III) are developed and implemented through a collaborative process that—

“(aa) includes multiple interested persons representing diverse interests; and

“(bb)(AA) is transparent and nonexclusive; or

“(BB) meets the requirements for a resource advisory committee under subsections (c) through (f) of section 205 of the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 7125); and

“(IV) may include the implementation of a proposal that complies with the eligibility requirements of the Collaborative Forest Landscape Restoration Program under section 4003(b) of the Omnibus Public Land Management Act of 2009 (16 U.S.C. 7303(b)).

“(B) DESCRIPTION OF ACTIVITIES.—An activity referred to in subparagraph (A) is—

“(i) manual cutting and removal of juniper trees, pinyon pine trees, other associated conifers, or other nonnative or invasive vegetation;

“(ii) mechanical mastication, cutting, or mowing, mechanical piling and burning, chaining, broadcast burning, or yarding;

“(iii) removal of cheat grass, medusa head rye, or other nonnative, invasive vegetation;

“(iv) collection and seeding or planting of native vegetation using a manual, mechanical, or aerial method;

“(v) seeding of nonnative, noninvasive, ruderal vegetation only for the purpose of emergency stabilization;

“(vi) targeted use of an herbicide, subject to the condition that the use shall be in accordance with applicable legal requirements, Federal agency procedures, and land use plans;

“(vii) targeted livestock grazing to mitigate hazardous fuels and control noxious and invasive weeds;

“(viii) temporary removal of wild horses or burros in the area in which the activity is being carried out to ensure treatment objectives are met;

“(ix) in coordination with the affected permit holder, modification or adjustment of permissible usage under an annual plan of use of a grazing permit issued by the Secretary concerned to achieve restoration treatment objectives;

“(x) installation of new, or modification of existing, fencing or water sources intended to control use or improve wildlife habitat; or

“(xi) necessary maintenance of, repairs to, rehabilitation of, or reconstruction of an existing permanent road or construction of temporary roads to accomplish the activities described in this subparagraph.

“(C) EXCLUSIONS.—The term ‘covered vegetation management activity’ does not include—

“(i) any activity conducted in a wilderness area or wilderness study area;

“(ii) any activity for the construction of a permanent road or permanent trail;

“(iii) any activity conducted on Federal land on which, by Act of Congress or Presidential proclamation, the removal of vegetation is restricted or prohibited;

“(iv) any activity conducted in an area in which activities under subparagraph (B) would be inconsistent with the applicable land and resource management plan; or

“(v) any activity conducted in an inventoried roadless area.

“(2) SECRETARY CONCERNED.—The term ‘Secretary concerned’ means—

“(A) the Secretary of Agriculture, with respect to National Forest System land; and

“(B) the Secretary of the Interior, with respect to public land.

“(3) TEMPORARY ROAD.—The term ‘temporary road’ means a road that is—

“(A) authorized—

“(i) by a contract, permit, lease, other written authorization; or

“(ii) pursuant to an emergency operation;

“(B) not intended to be part of the permanent transportation system of a Federal department or agency;

“(C) not necessary for long-term resource management;

“(D) designed in accordance with standards appropriate for the intended use of the road, taking into consideration—

“(i) safety;

“(ii) the cost of transportation; and

“(iii) impacts to land and resources; and

“(E) managed to minimize—

“(i) erosion; and

“(ii) the introduction or spread of invasive species.

“(b) CATEGORICAL EXCLUSION.—

“(1) IN GENERAL.—Not later than 1 year after the date of enactment of this section, the Secretary concerned shall develop a categorical exclusion (as defined in section 1508.4 of title 40, Code of Federal Regulations (or a successor regulation)) for covered vegetation management activities carried out to protect, restore, or improve habitat for greater sage-grouse or mule deer.

“(2) ADMINISTRATION.—In developing and administering the categorical exclusion under paragraph (1), the Secretary concerned shall—

“(A) comply with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.);

“(B) with respect to National Forest System land, apply the extraordinary circumstances procedures under section 220.6 of title 36, Code of Federal Regulations (or successor regulations), in determining whether to use the categorical exclusion;

“(C) with respect to public land, apply the extraordinary circumstances procedures under section 46.215 of

title 43, Code of Federal Regulations (or successor regulations), in determining whether to use the categorical exclusion; and

“(D) consider—

“(i) the relative efficacy of landscape-scale habitat projects;

“(ii) the likelihood of continued declines in the populations of greater sage-grouse and mule deer in the absence of landscape-scale vegetation management; and

“(iii) the need for habitat restoration activities after wildfire or other natural disturbances.

“(c) IMPLEMENTATION OF COVERED VEGETATIVE MANAGEMENT ACTIVITIES WITHIN THE RANGE OF GREATER SAGE-GROUSE AND MULE DEER.—If the categorical exclusion developed under subsection (b) is used to implement a covered vegetative management activity in an area within the range of both greater sage-grouse and mule deer, the covered vegetative management activity shall protect, restore, or improve habitat concurrently for both greater sage-grouse and mule deer.

“(d) LONG-TERM MONITORING AND MAINTENANCE.—Before commencing any covered vegetation management activity that is covered by the categorical exclusion under subsection (b), the Secretary concerned shall develop a long-term monitoring and maintenance plan, covering at least the 20-year period beginning on the date of commencement, to ensure that management of the treated area does not degrade the habitat gains secured by the covered vegetation management activity.

“(e) DISPOSAL OF VEGETATIVE MATERIAL.—Subject to applicable local restrictions, any vegetative material resulting from a covered vegetation management activity that is covered by the categorical exclusion under subsection (b) may be—

“(1) used for—

“(A) fuel wood; or

“(B) other products; or

“(2) piled or burned, or both.

“(f) TREATMENT FOR TEMPORARY ROADS.—

“(1) IN GENERAL.—Notwithstanding subsection (a)(1)(B)(xi), any temporary road constructed in carrying out a covered vegetation management activity that is covered by the categorical exclusion under subsection (b)—

“(A) shall be used by the Secretary concerned for the covered vegetation management activity for not more than 2 years; and

“(B) shall be decommissioned by the Secretary concerned not later than 3 years after the earlier of the date on which—

“(i) the temporary road is no longer needed; and

“(ii) the project is completed.

“(2) REQUIREMENT.—A treatment under paragraph (1) shall include reestablishing native vegetative cover—

“(A) as soon as practicable; but

“(B) not later than 10 years after the date of completion of the applicable covered vegetation management activity.

“(g) LIMITATIONS.—

“(1) PROJECT SIZE.—A covered vegetation management activity that is covered by the categorical exclusion under subsection (b) may not exceed 4,500 acres.

“(2) LOCATION.—A covered vegetation management activity carried out on National Forest System land that is covered by the categorical exclusion under subsection (b) shall be limited to areas designated under section 602(b), as of the date of enactment of this section.”.

(b) CONFORMING AMENDMENTS.—The table of contents for the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6501 note; Public Law 108-148) is amended by adding at the end of the items relating to title VI the following:

“Sec. 602. Designation of treatment areas.

“Sec. 603. Administrative review.

“Sec. 604. Stewardship end result contracting projects.

“Sec. 605. Wildfire resilience projects.

“Sec. 606. Categorical exclusion for greater sage-grouse and mule deer habitat.”.

PART II—MISCELLANEOUS FOREST MANAGEMENT ACTIVITIES

SEC. 8621. ADDITIONAL AUTHORITY FOR SALE OR EXCHANGE OF SMALL PARCELS OF NATIONAL FOREST SYSTEM LAND.

(a) INCREASE IN MAXIMUM VALUE OF SMALL PARCELS.—Section 3 of Public Law 97-465 (commonly known as the “Small Tract Act of 1983”) (16 U.S.C. 521e) is amended in the matter preceding paragraph (1) by striking “\$150,000” and inserting “\$500,000”.

(b) ADDITIONAL CONVEYANCE PURPOSES.—Section 3 of Public Law 97-465 (16 U.S.C. 521e) (as amended by subsection (a)) is amended—

(1) in paragraph (2), by striking “; or” and inserting a semicolon;

(2) in paragraph (3), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

“(4) parcels of 40 acres or less that are determined by the Secretary—

“(A) to be physically isolated from other Federal land;

“(B) to be inaccessible; or

“(C) to have lost National Forest character;

“(5) parcels of 10 acres or less that are not eligible for conveyance under paragraph (2) but are encroached on by a permanent habitable improvement for which there is no evidence that the encroachment was intentional or negligent; or

“(6) parcels used as a cemetery (including a parcel of not more than 1 acre adjacent to the parcel used as a cemetery), a landfill, or a sewage treatment plant under a special use authorization issued or otherwise authorized by the Secretary.”.

(c) DISPOSITION OF PROCEEDS.—Section 2 of Public Law 97-465 (16 U.S.C. 521d) is amended—

(1) in the matter preceding paragraph (1), by striking “The Secretary is authorized” and inserting the following:

“(a) CONVEYANCE AUTHORITY; CONSIDERATION.—The Secretary is authorized”;

(2) in paragraph (2), in the second sentence, by striking “The Secretary shall insert” and inserting the following:

“(b) INCLUSION OF TERMS, COVENANTS, CONDITIONS, AND RESERVATIONS.—

“(1) IN GENERAL.—The Secretary shall insert”;

(3) in subsection (b) (as so designated)—

(A) by striking “covenants” and inserting “covenants”;

and

(B) in the second sentence by striking “The preceding sentence shall not” and inserting the following:

“(2) LIMITATION.—Paragraph (1) shall not”; and

(4) by adding at the end the following:

“(c) DISPOSITION OF PROCEEDS.—

“(1) DEPOSIT IN SISK FUND.—The net proceeds derived from any sale or exchange conducted under paragraph (4), (5), or (6) of section 3 shall be deposited in the fund established under Public Law 90-171 (commonly known as the ‘Sisk Act’) (16 U.S.C. 484a).

“(2) USE.—Amounts deposited under paragraph (1) shall be available to the Secretary until expended for—

(A) the acquisition of land or interests in land for administrative sites for the National Forest System in the State from which the amounts were derived;

(B) the acquisition of land or interests in land for inclusion in the National Forest System in that State, including land or interests in land that enhance opportunities for recreational access; or

(C) the reimbursement of the Secretary for costs incurred in preparing a sale conducted under the authority of section 3 if the sale is a competitive sale.”.

SEC. 8622. FOREST SERVICE PARTICIPATION IN ACES PROGRAM.

Section 8302 of the Agricultural Act of 2014 (16 U.S.C. 3851a) is amended—

(1) by striking “The Secretary” and inserting the following:

“(a) IN GENERAL.—The Secretary”; and

(2) by adding at the end the following:

“(b) TERMINATION OF EFFECTIVENESS.—The authority provided to the Secretary to carry out this section terminates effective October 1, 2023.”.

SEC. 8623. AUTHORIZATION FOR LEASE OF FOREST SERVICE SITES.

16 USC 580d
note.

(a) DEFINITIONS.—In this section:

(1) ADMINISTRATIVE SITE.—

(A) IN GENERAL.—The term “administrative site” means—

(i) any facility or improvement, including curtilage, that was acquired or is used specifically for purposes of administration of the National Forest System;

(ii) any Federal land that—

(I) is associated with a facility or improvement described in clause (i) that was acquired or is used specifically for purposes of administration of Forest Service activities; and

(II) underlies or abuts the facility or improvement; and

(iii) for each fiscal year, not more than 10 isolated, undeveloped parcels of not more than 40 acres each.

(B) EXCLUSIONS.—The term “administrative site” does not include—

(i) any land within a unit of the National Forest System that is exclusively designated for natural area or recreational purposes;

(ii) any land within—

(I) a component of the National Wilderness Preservation System;

(II) a component of the National Wild and Scenic Rivers System; or

(III) a National Monument; or

(iii) any Federal land that the Secretary determines—

(I) is needed for resource management purposes or to provide access to other land or water; or

(II) would be in the public interest not to lease.

(2) FACILITY OR IMPROVEMENT.—The term “facility or improvement” includes—

(A) a forest headquarters;

(B) a ranger station;

(C) a research station or laboratory;

(D) a dwelling;

(E) a warehouse;

(F) a scaling station;

(G) a fire-retardant mixing station;

(H) a fire-lookout station;

(I) a guard station;

(J) a storage facility;

(K) a telecommunication facility; and

(L) any other administrative installation for conducting Forest Service activities.

(3) MARKET ANALYSIS.—The term “market analysis” means the identification and study of the market for a particular economic good or service.

(b) AUTHORIZATION.—The Secretary may lease an administrative site that is under the jurisdiction of the Secretary in accordance with this section.

(c) IDENTIFICATION OF ELIGIBLE SITES.—A regional forester, in consultation with forest supervisors in the region, may submit to the Secretary a recommendation for administrative sites in the region that the regional forester considers eligible for leasing under this section.

(d) CONSULTATION WITH LOCAL GOVERNMENT AND PUBLIC NOTICE.—Before making an administrative site available for lease under this section, the Secretary shall—

(1) consult with government officials of the community and of the State in which the administrative site is located; and

(2) provide public notice of the proposed lease.

(e) LEASE REQUIREMENTS.—

(1) SIZE.—An administrative site or compound of administrative sites under a single lease under this section may not exceed 40 acres.

(2) CONFIGURATION OF ADMINISTRATIVE SITES.—

(A) IN GENERAL.—To facilitate the lease of an administrative site under this section, the Secretary may configure the administrative site—

(i) to maximize the marketability of the administrative site; and

(ii) to achieve management objectives.

(B) SEPARATE TREATMENT OF FACILITY OR IMPROVEMENT.—A facility or improvement on an administrative site to be leased under this section may be severed from the land and leased under a separate lease under this section.

(3) CONSIDERATION.—

(A) IN GENERAL.—A person to which a lease of an administrative site is made under this section shall provide to the Secretary consideration described in subparagraph (B) in an amount that is not less than the market value of the administrative site, as determined in accordance with subparagraph (C).

(B) FORM OF CONSIDERATION.—The consideration referred to in subparagraph (A) may be—

(i) cash;

(ii) in-kind, including—

(I) the construction of new facilities or improvements, the title to which shall be transferred by the lessee to the Secretary;

(II) the maintenance, repair, improvement, or restoration of existing facilities or improvements; and

(III) other services relating to activities that occur on the administrative site, as determined by the Secretary; or

(iii) any combination of the consideration described in clauses (i) and (ii).

(C) DETERMINATION OF MARKET VALUE.—

(i) IN GENERAL.—The Secretary shall determine the market value of an administrative site to be leased under this section—

(I) by conducting an appraisal in accordance with—

(aa) the Uniform Appraisal Standards for Federal Land Acquisitions established in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.); and

(bb) the Uniform Standards of Professional Appraisal Practice; or

(II) by competitive lease.

(ii) IN-KIND CONSIDERATION.—The Secretary shall determine the market value of any in-kind consideration under subparagraph (B)(ii).

(4) CONDITIONS.—The lease of an administrative site under this section shall be subject to such conditions, including bonding, as the Secretary determines to be appropriate.

(5) RIGHT OF FIRST REFUSAL.—Subject to terms and conditions that the Secretary determines to be necessary, the Secretary shall offer to lease an administrative site to the municipality or county in which the administrative site is located before seeking to lease the administrative site to any other person.

(f) RELATION TO OTHER LAWS.—

(1) FEDERAL PROPERTY DISPOSAL.—Chapter 5 of title 40, United States Code, shall not apply to the lease of an administrative site under this section.

(2) LEAD-BASED PAINT AND ASBESTOS ABATEMENT.—

(A) IN GENERAL.—Notwithstanding any provision of law relating to the mitigation or abatement of lead-based paint or asbestos-containing building materials, the Secretary shall not be required to mitigate or abate lead-based paint or asbestos-containing building materials with respect to an administrative site to be leased under this section.

(B) PROCEDURES.—With respect to an administrative site to be leased under this section that has lead-based paint or asbestos-containing building materials, the Secretary shall—

(i) provide notice to the person to which the administrative site will be leased of the presence of the lead-based paint or asbestos-containing building material; and

(ii) obtain written assurance from that person that the person will comply with applicable Federal, State, and local laws relating to the management of lead-based paint and asbestos-containing building materials.

(3) ENVIRONMENTAL REVIEW.—The National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) shall apply to the lease of an administrative site under this section, except that, in any environmental review or analysis required under that Act for the lease of an administrative site under this section, the Secretary shall be required only—

(A) to analyze the most reasonably foreseeable use of the administrative site, as determined through a market analysis;

(B) to determine whether to include any conditions under subsection (e)(4); and

(C) to evaluate the alternative of not leasing the administrative site in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(4) COMPLIANCE WITH LOCAL LAWS.—A person that leases an administrative site under this section shall comply with all applicable State and local zoning laws, building codes, and permit requirements for any construction activities that occur on the administrative site.

(g) PROHIBITION.—No agency of the Federal Government shall make any cash payments to a leaseholder relating to the use or occupancy of any administrative site or facility that has been improved under this section.

(h) CONGRESSIONAL NOTIFICATIONS.—

(1) ANTICIPATED USE OF AUTHORITY.—As part of the annual budget justification documents provided to the Committee on Appropriations of the House of Representatives and the Committee on Appropriations of the Senate, the Secretary shall include—

(A) a list of the anticipated leases to be made, including the anticipated revenue that may be obtained, under this section;

(B) a description of the intended use of any revenue obtained under a lease under this section, including a list of any projects that cost more than \$500,000; and

(C) a description of accomplishments during previous years using the authority of the Secretary under this section.

(2) CHANGES TO LEASE LIST.—If the Secretary desires to lease an administrative site under this section that is not included on a list provided under paragraph (1)(A), the Secretary shall submit to the congressional committees described in paragraph (3) a notice of the proposed lease, including the anticipated revenue that may be obtained from the lease.

(3) USE OF AUTHORITY.—Not less frequently than once each year, the Secretary shall submit to the Committee on Agriculture, the Committee on Appropriations, and the Committee on Natural Resources of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry, the Committee on Appropriations, and the Committee on Energy and Natural Resources of the Senate a report describing each lease made by the Secretary under this section during the period covered by the report.

(i) EXPIRATION OF AUTHORITY.—

(1) IN GENERAL.—The authority of the Secretary to make a lease of an administrative site under this section expires on October 1, 2023.

(2) EFFECT ON LEASE AGREEMENT.—Paragraph (1) shall not affect the authority of the Secretary to carry out this section in the case of any lease agreement that was entered into by the Secretary before October 1, 2023.

SEC. 8624. GOOD NEIGHBOR AUTHORITY.

(a) INCLUSION OF INDIAN TRIBES.—Section 8206(a) of the Agricultural Act of 2014 (16 U.S.C. 2113a(a)) is amended—

(1) in paragraph (1)(A), by striking “land and non-Federal land” and inserting “land, non-Federal land, and land owned by an Indian tribe”;

(2) in paragraph (5), by inserting “or Indian tribe” after “affected State”;

(3) by redesignating paragraphs (6) through (8) as paragraphs (7) through (9), respectively; and

(4) by inserting after paragraph (5) (as so redesignated) the following:

“(6) INDIAN TRIBE.—The term ‘Indian tribe’ has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).”.

(b) INCLUSION OF COUNTIES.—Section 8206 of the Agricultural Act of 2014 (16 U.S.C. 2113a) is amended—

(1) in subsection (a)—

(A) in paragraph (1)(B), by inserting “or county, as applicable,” after “Governor”;

(B) by redesignating paragraphs (2) through (9) (as amended by subsection (a)) as paragraphs (3) through (10), respectively;

(C) by inserting after paragraph (1) the following:

“(2) COUNTY.—The term ‘county’ means—

“(A) the appropriate executive official of an affected county; or

“(B) in any case in which multiple counties are affected, the appropriate executive official of a compact of the affected counties.”; and

(D) in paragraph (5) (as so redesignated), by inserting “or county, as applicable,” after “Governor”; and
(2) in subsection (b)—

(A) in paragraph (1)(A), by inserting “or county” after “Governor”;

(B) in paragraph (2)(A), by striking “cooperative agreement or contract entered into under subsection (a)” and inserting “good neighbor agreement”;

(C) in paragraph (3), by inserting “or county” after “Governor”; and

(D) by adding at the end the following:

“(4) RECEIPTS.—Notwithstanding any other provision of law, any payment made by a county to the Secretary under a project conducted under a good neighbor agreement shall not be considered to be monies received from National Forest System land or Bureau of Land Management land, as applicable.”.

(c) TREATMENT OF REVENUE FROM TIMBER SALE CONTRACTS.—Section 8206(b)(2) of the Agricultural Act of 2014 (16 U.S.C. 2113a(b)(2)) is amended by adding at the end the following:

“(C) TREATMENT OF REVENUE.—

“(i) IN GENERAL.—Funds received from the sale of timber by a Governor of a State under a good neighbor agreement shall be retained and used by the Governor—

“(I) to carry out authorized restoration services on Federal land under the good neighbor agreement; and

“(II) if there are funds remaining after carrying out subclause (I), to carry out authorized restoration services on Federal land within the State under other good neighbor agreements.

“(ii) TERMINATION OF EFFECTIVENESS.—The authority provided by this subparagraph terminates effective October 1, 2023.”.

SEC. 8625. CHATTAHOOCHEE-OCONEE NATIONAL FOREST LAND ADJUSTMENT.

(a) FINDINGS.—Congress finds that—

(1) certain National Forest System land in the State of Georgia consists of isolated tracts that are inefficient to manage or have lost their principal value for National Forest purposes;

(2) the disposal of that National Forest System land would be in the public interest; and

(3) proceeds from the sale of National Forest System land under subsection (b)(1) would be used best by the Forest Service to purchase land for National Forest purposes in the State of Georgia.

(b) LAND CONVEYANCE AUTHORITY.—

(1) IN GENERAL.—Under such terms and conditions as the Secretary may prescribe, the Secretary may sell or exchange any or all rights, title, and interest of the United States in and to the National Forest System land described in paragraph (2)(A).

(2) LAND AUTHORIZED FOR DISPOSAL.—

(A) IN GENERAL.—The National Forest System land referred to in paragraph (1) is the 30 tracts of land totaling approximately 3,841 acres that are generally depicted on the 2 maps entitled “Priority Land Adjustments, State of Georgia, U.S. Forest Service—Southern Region, Oconee and Chattahoochee National Forests, U.S. Congressional Districts—8, 9, 10 & 14” and dated September 24, 2013.

(B) MAPS.—The maps described in subparagraph (A) shall be on file and available for public inspection in the Office of the Forest Supervisor, Chattahoochee-Oconee National Forest, until such time as the land is sold or exchanged.

(C) MODIFICATION OF BOUNDARIES.—The Secretary may modify the boundaries of the National Forest System land described in subparagraph (A) based on land management considerations.

(3) FORM OF CONVEYANCE.—

(A) QUITCLAIM DEED.—The Secretary shall convey National Forest System land sold or exchanged under paragraph (1) by quitclaim deed.

(B) RESERVATIONS.—The Secretary may reserve any rights-of-way or other rights or interests in National Forest System land sold or exchanged under paragraph (1) that the Secretary considers necessary for management purposes or to protect the public interest.

(4) VALUATION.—

(A) MARKET VALUE.—The Secretary may not sell or exchange National Forest System land under paragraph (1) for less than market value, as determined by appraisal or through competitive bid.

(B) APPRAISAL REQUIREMENTS.—Any appraisal under subparagraph (A) shall be—

- (i) consistent with the Uniform Appraisal Standards for Federal Land Acquisitions or the Uniform Standards of Professional Appraisal Practice; and
- (ii) subject to the approval of the Secretary.

(5) CONSIDERATION.—

(A) CASH.—Consideration for a sale of National Forest System land or equalization of an exchange under paragraph (1) shall be paid in cash.

(B) EXCHANGE.—Notwithstanding section 206(b) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716(b)), the Secretary may accept a cash equalization payment in excess of 25 percent of the value of any National Forest System land exchanged under paragraph (1).

(6) METHOD OF SALE.—

(A) OPTIONS.—The Secretary may sell National Forest System land under paragraph (1) at public or private sale, including competitive sale by auction, bid, or otherwise, in accordance with such terms, conditions, and procedures as the Secretary determines are in the best interest of the United States.

(B) SOLICITATIONS.—The Secretary may—

- (i) make public or private solicitations for the sale or exchange of National Forest System land under paragraph (1); and
 - (ii) reject any offer that the Secretary determines is not adequate or not in the public interest.
- (7) BROKERS.—The Secretary may—
- (A) use brokers or other third parties in the sale or exchange of National Forest System land under paragraph (1); and
 - (B) from the proceeds of a sale, pay reasonable commissions or fees.
- (c) TREATMENT OF PROCEEDS.—
- (1) DEPOSIT.—Subject to subsection (b)(7)(B), the Secretary shall deposit the proceeds of a sale or a cash equalization payment received from the sale or exchange of National Forest System land under subsection (b)(1) in the fund established under Public Law 90–171 (commonly known as the “Sisk Act”) (16 U.S.C. 484a).
- (2) AVAILABILITY.—Subject to paragraph (3), amounts deposited under paragraph (1) shall be available to the Secretary until expended, without further appropriation, for the acquisition of land for National Forest purposes in the State of Georgia.
- (3) PRIVATE PROPERTY PROTECTION.—Nothing in this section authorizes the use of funds deposited under paragraph (1) to be used to acquire land without the written consent of the owner of the land.

SEC. 8626. TENNESSEE WILDERNESS.

- (a) DEFINITIONS.—In this section:
- (1) MAP.—The term “Map” means the map entitled “Proposed Wilderness Areas and Additions-Cherokee National Forest” and dated January 20, 2010.
- (2) STATE.—The term “State” means the State of Tennessee.
- (b) ADDITIONS TO CHEROKEE NATIONAL FOREST.—
- (1) DESIGNATION OF WILDERNESS.—In accordance with the Wilderness Act (16 U.S.C. 1131 et seq.), the following parcels of Federal land in the Cherokee National Forest in the State are designated as wilderness and as additions to the National Wilderness Preservation System:
- (A) Certain land comprising approximately 9,038 acres, as generally depicted as the “Upper Bald River Wilderness” on the Map and which shall be known as the “Upper Bald River Wilderness”.
 - (B) Certain land comprising approximately 348 acres, as generally depicted as the “Big Frog Addition” on the Map and which shall be incorporated in, and shall be considered to be a part of, the Big Frog Wilderness.
 - (C) Certain land comprising approximately 630 acres, as generally depicted as the “Little Frog Mountain Addition NW” on the Map and which shall be incorporated in, and shall be considered to be a part of, the Little Frog Mountain Wilderness.
 - (D) Certain land comprising approximately 336 acres, as generally depicted as the “Little Frog Mountain Addition NE” on the Map and which shall be incorporated in, and

shall be considered to be a part of, the Little Frog Mountain Wilderness.

(E) Certain land comprising approximately 2,922 acres, as generally depicted as the “Sampson Mountain Addition” on the Map and which shall be incorporated in, and shall be considered to be a part of, the Sampson Mountain Wilderness.

(F) Certain land comprising approximately 4,446 acres, as generally depicted as the “Big Laurel Branch Addition” on the Map and which shall be incorporated in, and shall be considered to be a part of, the Big Laurel Branch Wilderness.

(G) Certain land comprising approximately 1,836 acres, as generally depicted as the “Joyce Kilmer-Slickrock Addition” on the Map and which shall be incorporated in, and shall be considered to be a part of, the Joyce Kilmer-Slickrock Wilderness.

(2) MAPS AND LEGAL DESCRIPTIONS.—

(A) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall file maps and legal descriptions of the wilderness areas designated by paragraph (1) with the appropriate committees of Congress.

(B) PUBLIC AVAILABILITY.—The maps and legal descriptions filed under subparagraph (A) shall be on file and available for public inspection in the office of the Chief of the Forest Service and the office of the Supervisor of the Cherokee National Forest.

(C) FORCE OF LAW.—The maps and legal descriptions filed under subparagraph (A) shall have the same force and effect as if included in this Act, except that the Secretary may correct typographical errors in the maps and descriptions.

(3) ADMINISTRATION.—

(A) IN GENERAL.—Subject to valid existing rights, the Federal land designated as wilderness by paragraph (1) shall be administered by the Secretary in accordance with the Wilderness Act (16 U.S.C. 1131 et seq.), except that any reference in that Act to the effective date of that Act shall be deemed to be a reference to the date of enactment of this Act.

(B) FISH AND WILDLIFE MANAGEMENT.—In accordance with section 4(d)(7) of the Wilderness Act (16 U.S.C. 1133(d)(7)), nothing in this section affects the jurisdiction of the State with respect to fish and wildlife management, including the regulation of hunting, fishing, and trapping, in the wilderness areas designated by paragraph (1).

SEC. 8627. KISATCHIE NATIONAL FOREST LAND CONVEYANCE.

(a) FINDING.—Congress finds that it is in the public interest to authorize the conveyance of certain Federal land in the Kisatchie National Forest in the State of Louisiana for market value consideration.

(b) DEFINITIONS.—In this section:

(1) COLLINS CAMP PROPERTIES.—The term “Collins Camp Properties” means Collins Camp Properties, Inc., a corporation incorporated under the laws of the State.

(2) STATE.—The term “State” means the State of Louisiana.

(c) AUTHORIZATION OF CONVEYANCES, KISATCHIE NATIONAL FOREST, LOUISIANA.—

(1) AUTHORIZATION.—

(A) IN GENERAL.—Subject to valid existing rights and paragraph (2), the Secretary may convey the Federal land described in subparagraph (B) by quitclaim deed at public or private sale, including competitive sale by auction, bid, or other methods.

(B) DESCRIPTION OF LAND.—The Federal land referred to in subparagraph (A) consists of—

(i) all Federal land within sec. 9, T. 10 N., R. 5 W., Winn Parish, Louisiana; and

(ii) a 2.16-acre parcel of Federal land located in the SW¹/₄ of sec. 4, T. 10 N., R. 5 W., Winn Parish, Louisiana, as depicted on a certificate of survey dated March 7, 2007, by Glen L. Cannon, P.L.S. 4436.

(2) FIRST RIGHT OF PURCHASE.—Subject to valid existing rights and subsection (e), during the 1-year period beginning on the date of enactment of this Act, on the provision of consideration by the Collins Camp Properties to the Secretary, the Secretary shall convey, by quitclaim deed, to Collins Camp Properties all right, title, and interest of the United States in and to—

(A) the not more than 47.92 acres of Federal land comprising the Collins Campsites within sec. 9, T. 10 N., R. 5 W., in Winn Parish, Louisiana, as generally depicted on a certificate of survey dated February 28, 2007, by Glen L. Cannon, P.L.S. 4436; and

(B) the parcel of Federal land described in paragraph (1)(B)(ii).

(3) TERMS AND CONDITIONS.—The Secretary may—

(A) configure the Federal land to be conveyed under this section—

(i) to maximize the marketability of the conveyance; or

(ii) to achieve management objectives; and

(B) establish any terms and conditions for the conveyances under this section that the Secretary determines to be in the public interest.

(4) CONSIDERATION.—Consideration for a conveyance of Federal land under this section shall be—

(A) in the form of cash; and

(B) in an amount equal to the market value of the Federal land being conveyed, as determined under paragraph (5).

(5) MARKET VALUE.—The market value of the Federal land conveyed under this section shall be determined—

(A) in the case of Federal land conveyed under paragraph (2), by an appraisal that is—

(i) conducted in accordance with the Uniform Appraisal Standards for Federal Land Acquisitions; and

(ii) approved by the Secretary; or

(B) if conveyed by a method other than the methods described in paragraph (2), by competitive sale.

(6) HAZARDOUS SUBSTANCES.—

(A) **IN GENERAL.**—In any conveyance of Federal land under this section, the Secretary shall meet disclosure requirements for hazardous substances, but shall otherwise not be required to remediate or abate the substances.

(B) **EFFECT.**—Except as provided in subparagraph (A), nothing in this subsection affects the application of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.) to the conveyances of Federal land.

(d) **PROCEEDS FROM THE SALE OF LAND.**—The Secretary shall deposit the proceeds of a conveyance of Federal land under subsection (c) in the fund established under Public Law 90–171 (commonly known as the “Sisk Act”) (16 U.S.C. 484a).

(e) **ADMINISTRATION.**—

(1) **COSTS.**—As a condition of a conveyance of Federal land to Collins Camp Properties under subsection (c), the Secretary shall require Collins Camp Properties to pay at closing—

(A) reasonable appraisal costs; and

(B) the cost of any administrative and environmental analyses required by law (including regulations).

(2) **PERMITS.**—

(A) **IN GENERAL.**—An offer by Collins Camp Properties for the acquisition of the Federal land under subsection (c) shall be accompanied by a written statement from each holder of a Forest Service special use authorization with respect to the Federal land that specifies that the holder agrees to relinquish the special use authorization on the conveyance of the Federal land to Collins Camp Properties.

(B) **SPECIAL USE AUTHORIZATIONS.**—If any holder of a special use authorization described in subparagraph (A) fails to provide a written authorization in accordance with that subparagraph, the Secretary shall require, as a condition of the conveyance, that Collins Camp Properties administer the special use authorization according to the terms of the special use authorization until the date on which the special use authorization expires.

SEC. 8628. PURCHASE OF NATURAL RESOURCES CONSERVATION SERVICE PROPERTY, RIVERSIDE COUNTY, CALIFORNIA.

(a) **FINDINGS.**—Congress finds as follows:

(1) Since 1935, the United States has owned a parcel of land in Riverside, California, consisting of approximately 8.75 acres, more specifically described in subsection (b)(1) (in this section referred to as the “property”).

(2) The property is under the jurisdiction of the Department of Agriculture and has been variously used for research and plant materials purposes.

(3) Since 1998, the property has been administered by the Natural Resources Conservation Service of the Department of Agriculture.

(4) Since 2002, the property has been co-managed under a cooperative agreement between the Natural Resources Conservation Service and the Riverside Corona Resource Conservation District, which is a legal subdivision of the State of California under section 9003 of the California Public Resources Code.

(5) The Conservation District wishes to purchase the property and use it for conservation, environmental, and related educational purposes.

(6) As provided in subsection (b), the purchase of the property by the Conservation District would promote the conservation education and related activities of the Conservation District and result in savings to the Federal Government.

(b) LAND PURCHASE, NATURAL RESOURCES CONSERVATION SERVICE PROPERTY, RIVERSIDE COUNTY, CALIFORNIA.—

(1) PURCHASE AUTHORIZED.—The Secretary shall sell and quitclaim to the Riverside Corona Resource Conservation District (in this section referred to as the “Conservation District”) all right, title, and interest of the United States in and to a parcel of real property, including improvements thereon, that is located at 4500 Glenwood Drive in Riverside, California, consists of approximately 8.75 acres, and is administered by the Natural Resources Conservation Service of the Department of Agriculture. As necessary or desirable to facilitate the purchase of the property under this subsection, the Secretary or the Conservation District may survey all or portions of the property.

(2) CONSIDERATION.—As consideration for the purchase of the property under this subsection, the Conservation District shall pay to the Secretary an amount equal to the appraised value of the property.

(3) PROHIBITION ON RESERVATION OF INTEREST.—The Secretary shall not reserve any future interest in the property to be conveyed under this subsection, except such interest as may be acceptable to the Conservation District.

(4) HAZARDOUS SUBSTANCES.—Notwithstanding section 120(h) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9620(h)) or the Solid Waste Disposal Act (42 U.S.C. 6901 et seq.), in the case of the property purchased by the Conservation District under this subsection, the Secretary shall be only required to meet the disclosure requirements for hazardous substances, pollutants, or contaminants, but shall otherwise not be required to remediate or abate any such releases of hazardous substances, pollutants, or contaminants, including petroleum and petroleum derivatives.

(5) COOPERATIVE AUTHORITY.—

(A) LEASES, CONTRACTS, AND COOPERATIVE AGREEMENTS AUTHORIZED.—In conjunction with, or in addition to, the purchase of the property by the Conservation District under this subsection, the Secretary may enter into leases, contracts and cooperative agreements with the Conservation District.

(B) SOLE SOURCE.—Notwithstanding sections 3105, 3301, and 3303 to 3305 of title 41, United States Code, or any other provision of law, the Secretary may lease real property from the Conservation District on a non-competitive basis.

(C) NON-EXCLUSIVE AUTHORITY.—The authority provided by this subsection is in addition to any other authority of the Secretary.

SEC. 8629. COLLABORATIVE FOREST LANDSCAPE RESTORATION PROGRAM.

(a) **WAIVER AUTHORITY.**—Section 4003(d) of the Omnibus Public Land Management Act of 2009 (16 U.S.C. 7303(d)) is amended by adding at the end the following:

“(4) **WAIVER.**—

“(A) **IN GENERAL.**—Subject to subparagraph (B), after consulting with the advisory panel established under subsection (e), if the Secretary determines that a proposal that has been selected under paragraph (1) and is being carried out continues to meet the eligibility criteria established by subsection (b), the Secretary, on a case-by-case basis, may issue for the proposal a 1-time extension of the 10-year period requirement under paragraph (1)(B) of that subsection.

“(B) **LIMITATION.**—The extension described in subparagraph (A)—

“(i) shall be for the shortest period of time practicable to complete implementation of the proposal, as determined by the Secretary; and

“(ii) shall not exceed 10 years.”

(b) **WAIVER LIMITATION.**—Section 4003(f)(4) of the Omnibus Public Land Management Act of 2009 (16 U.S.C. 7303(f)(4)) is amended by adding at the end the following:

“(C) **EXCEPTION.**—The limitation described in subparagraph (B)(i) shall not apply to a proposal for which a 1-time extension is granted under subsection (d)(4).”

(c) **REAUTHORIZATION.**—Section 4003(f)(6) of the Omnibus Public Land Management Act of 2009 (16 U.S.C. 7303(f)(6)) is amended by striking “\$40,000,000 for each of fiscal years 2009 through 2019” and inserting “\$80,000,000 for each of fiscal years 2019 through 2023”.

(d) **REPORTING REQUIREMENTS.**—Section 4003(h) of the Omnibus Public Land Management Act of 2009 (16 U.S.C. 7303(h)) is amended—

(1) in paragraph (3), by striking “and” after the semicolon;

(2) in paragraph (4), by striking the period at the end and inserting “; and”;

(3) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively;

(4) by inserting after paragraph (2) the following:

“(3) the Committee on Agriculture, Nutrition, and Forestry of the Senate;”;

(5) by adding at the end the following:

“(6) the Committee on Agriculture of the House of Representatives.”

SEC. 8630. UTILITY INFRASTRUCTURE RIGHTS-OF-WAY VEGETATION MANAGEMENT PILOT PROGRAM.

43 USC 1772
note.

(a) **DEFINITIONS.**—In this section:

(1) **NATIONAL FOREST SYSTEM LAND.**—

(A) **IN GENERAL.**—The term “National Forest System land” means land within the National Forest System, as defined in section 11(a) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1609(a)).

(B) EXCLUSIONS.—The term “National Forest System land” does not include—

(i) a National Grassland; or

(ii) a land utilization project on land designated as a National Grassland and administered pursuant to sections 31, 32, and 33 of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1010, 1011, 1012).

(2) PASSING WILDFIRE.—The term “passing wildfire” means a wildfire that originates outside of a right-of-way.

(3) PILOT PROGRAM.—The term “pilot program” means the pilot program established by the Secretary under subsection (b).

(4) RIGHT-OF-WAY.—The term “right-of-way” means a special use authorization issued by the Forest Service allowing the placement of utility infrastructure.

(5) UTILITY INFRASTRUCTURE.—The term “utility infrastructure” means electric transmission lines, natural gas infrastructure, or related structures.

(b) ESTABLISHMENT.—

(1) IN GENERAL.—To encourage owners or operators of rights-of-way on National Forest System land to partner with the Forest Service to voluntarily conduct vegetation management projects on a proactive basis to better protect utility infrastructure from potential passing wildfires, the Secretary may establish a limited, voluntary pilot program, in the manner described in this section, to conduct vegetation management projects on National Forest System land adjacent to those rights-of-way.

(2) APPLICATION.—The pilot program shall not apply in a right-of-way described in paragraph (1).

(c) ELIGIBLE PARTICIPANTS.—

(1) IN GENERAL.—A participant in the pilot program shall be the owner or operator of a right-of-way on National Forest System land.

(2) SELECTION PRIORITY.—In selecting participants for the pilot program, the Secretary shall give priority to an owner or operator of a right-of-way that has developed the utility infrastructure protection prescriptions of the owner or operator in coordination with Forest Service fire scientists or fire managers.

(d) VEGETATION MANAGEMENT PROJECTS.—

(1) IN GENERAL.—A vegetation management project conducted under the pilot program shall involve only limited vegetation management activities that—

(A) shall create the least ground disturbance and least disturbance to wildlife reasonably necessary to protect utility infrastructure from passing wildfires based on applicable models, including Forest Service fuel models;

(B) may include thinning and treatment of surface fuels, ladder fuels, and activity fuels to create or maintain shaded fuel breaks or other appropriate measures recommended by Forest Service fire scientists or fire managers;

(C)(i) shall only be conducted on National Forest System land; and

(ii) shall not—

(I) extend for more than 150 feet from the electric transmission line for which the applicable participant has a right-of-way; or

(II) comprise an overall width, for both sides of that electric transmission line, that totals more than 200 feet; and

(D) shall not be conducted on—

(i) a component of the National Wilderness Preservation System;

(ii) a designated wilderness study area;

(iii) an inventoried roadless area; or

(iv) Federal land on which, by Act of Congress or Presidential proclamation, the removal of vegetation is restricted or prohibited.

(2) APPROVAL.—Each vegetation management project described in paragraph (1) shall be subject to approval by the Forest Service in accordance with this section.

(3) FIRE PREVENTION.—In carrying out a vegetation management project under the pilot program, a participant shall adhere to—

(A) Forest Service regulations relating to spark arresting devices;

(B) Forest Service regulations limiting and prohibiting certain activities conducted by contractors in an area, based on weather conditions and fire danger;

(C) Forest Service regulations that apply to contractors removing vegetation on National Forest System land pursuant to a timber sale or stewardship contract, including regulations relating to—

(i) protection of residual trees and timber damaged by contractors;

(ii) protection measures needed for plants, animals, cultural resources, and cave resources;

(iii) streamcourse protection and erosion control;

(iv) fire plans, precautions, and precautionary periods;

(v) fire suppression costs; and

(vi) employment of eligible workers; and

(D) State regulations relating to the prevention of wildfires and contractors removing vegetation.

(4) TREATMENT OF SLASH.—In carrying out a vegetation management project under the pilot program, a participant shall treat any activity fuels in a manner that—

(A) is satisfactory to the Forest Service;

(B) does not result in a fire hazard; and

(C) reduces the risk of an insect or disease outbreak.

(e) PROJECT COSTS.—

(1) IN GENERAL.—Except as provided in paragraph (2) and subsection (f)(2), a participant in the pilot program shall be responsible for all costs, as determined by the Secretary, incurred in participating in the pilot program.

(2) FEDERAL FUNDING.—The Secretary may contribute funds for a vegetation management project conducted under the pilot program if the Secretary determines that the contribution is in the public interest.

(f) LIABILITY.—

(1) **ACTIVITIES WITHIN RIGHTS-OF-WAY.**—Participation in the pilot program shall not affect any legal obligations or liability standards that arise under the right-of-way for activities in the right-of-way.

(2) **WILDFIRES.**—

(A) **OPERATIONS FIRES.**—

(i) **IN GENERAL.**—With respect to fire suppression costs for a wildfire caused by the operations of a participant in the pilot program (other than an operation or activity of a participant described in subparagraph (B) or (C)), the participant shall reimburse the Forest Service for those costs, subject to a maximum dollar amount to which the Forest Service and the participant shall agree prior to the commencement of the project.

(ii) **CREDIT FOR ACTIONS BY PARTICIPANTS.**—

(I) **IN GENERAL.**—If a participant in the pilot program provides actions, supplies, or equipment for use to suppress a wildfire described in clause (i) or at the request of the Forest Service, the cost of those actions, supplies, or equipment shall be credited toward the maximum dollar amount described in that clause.

(II) **REIMBURSEMENT.**—If the actual cost of a participant described in subclause (I) exceeds the maximum dollar amount described in clause (i), the Forest Service shall reimburse the participant for the excess.

(B) **NEGLIGENT FIRES.**—

(i) **IN GENERAL.**—Subject to clause (ii), if a wildfire is caused by the negligence of a participant in the pilot program, or an agent of the participant, including a wildfire caused by smoking by persons engaged in the operations of the participant, the participant shall bear the cost of damages to Forest Service resources and the fire suppression costs resulting from the wildfire.

(ii) **LIMITATION.**—Except as provided in clause (iii), the costs borne by a participant under clause (i) shall not exceed \$500,000.

(iii) **FAILURE TO COMPLY.**—If the start or spread of a wildfire described in clause (i) is caused by the failure of the participant to comply with specific safety requirements expressly imposed by the Forest Service as a condition of conducting a vegetation management project under the pilot program or by this section, the participant shall bear the cost of damages to Forest Service resources and the fire suppression costs resulting from the wildfire.

(C) **EXCEPTIONS.**—This paragraph shall not apply in the case of a wildfire caused by the felling of a tree by a participant in the pilot program, or an agent of the participant, onto an electric transmission line.

(3) **EFFECT.**—Nothing in this subsection relieves a participant in the pilot program of any liabilities to which the participant is subject—

(A) under State laws; or

(B) with regard to damages to property other than Forest Service property.

(g) IMPLEMENTATION.—

(1) IN GENERAL.—Except as provided in paragraph (3), the Secretary shall use the authority of the Secretary under other laws (including regulations) to carry out the pilot program.

(2) COMPLIANCE WITH EXISTING LAWS.—Except as provided in paragraph (3), a vegetation management project under the pilot program shall be—

(A) consistent with the applicable land management plan for the area in which the project is located; and

(B) carried out in accordance with all applicable laws, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(3) MODIFICATION OF REGULATIONS.—In order to implement the pilot program in an efficient and expeditious manner, the Secretary may waive or modify specific provisions of the Federal Acquisition Regulation, including waivers or modifications to allow for the formation of contracts or agreements on a non-competitive basis.

(h) TREATMENT OF PROCEEDS.—Notwithstanding any other provision of law, the Secretary may—

(1) retain any funds provided to the Forest Service by a participant in the pilot program; and

(2) use funds retained under paragraph (1), in such amounts as may be appropriated, to carry out the pilot program.

(i) REPORT TO CONGRESS.—Not later than December 31, 2020, and 2 years thereafter, the Secretary shall submit a report describing the status of the pilot program and vegetation management projects conducted under the pilot program to—

(1) the Committees on Agriculture, Nutrition, and Forestry and Energy and Natural Resources of the Senate; and

(2) the Committees on Agriculture and Natural Resources of the House of Representatives.

(j) DURATION.—The authority to carry out the pilot program, including any vegetation management project conducted under the pilot program, expires on October 1, 2023.

SEC. 8631. OKHISSA LAKE RURAL ECONOMIC DEVELOPMENT LAND CONVEYANCE.

(a) DEFINITION OF ALLIANCE.—In this section, the term “Alliance” means the Scenic Rivers Development Alliance.

(b) REQUEST.—Subject to the requirements of this section, if the Alliance submits a written request for conveyance by not later than 180 days after the date of enactment of this Act and the Secretary determines that it is in the public interest to convey the National Forest System Land described in subsection (c), the Secretary shall convey to the Alliance all right, title, and interest of the United States in and to the National Forest System land described in subsection (c) by quitclaim deed through a public or private sale, including a competitive sale by auction or bid.

(c) DESCRIPTION OF NATIONAL FOREST SYSTEM LAND.—

(1) IN GENERAL.—Subject to paragraph (2), the National Forest System land referred to in subsection (b) is the approximately 150 acres of real property located in sec. 6, T. 5 N. R. 4 E., Franklin County, Mississippi, and further described as—

(A) the portion of the NW¹/₄ NW¹/₄ lying south of the south boundary of Berrytown Road;

(B) the portion of the W¹/₂ NE¹/₄ NW¹/₄ lying south of the south boundary of Berrytown Road;

(C) the portion of the SW¹/₄ NW¹/₄ lying east of the east boundary of U.S. Highway 98;

(D) the W¹/₂ SE¹/₄ NW¹/₄;

(E) the portion of the NW¹/₄ SW¹/₄ lying east of the east boundary of U.S. Highway 98;

(F) the portion of the NE¹/₄ SW¹/₄ commencing at the southwest corner of the NE¹/₄ SW¹/₄, said point being the point of beginning, thence running east 330 feet along the south boundary of the NE¹/₄ SW¹/₄ to a point in Lake Okhissa, thence running northeasterly to a point in Lake Okhissa on the east boundary of the NE¹/₄ SW¹/₄ 330 feet south of the northeast corner thereof, thence running north 330 feet along the east boundary of the NE¹/₄ SW¹/₄ to the northeast corner thereof, thence running west along the north boundary of the NE¹/₄ SW¹/₄ to the NW corner thereof; thence running south along the west boundary of the NE¹/₄ SW¹/₄ to the point of beginning; and

(G) the portion of the SE¹/₄ SE¹/₄ NW¹/₄ commencing at the southeast corner of the SE¹/₄ NW¹/₄, said point being the point of beginning, and running northwesterly to the northwest corner of the SE¹/₄ SE¹/₄ NW¹/₄, thence running south along the west boundary of the SE¹/₄ SE¹/₄ NW¹/₄ to the southwest corner thereof, thence running east along the south boundary of the SE¹/₄ SE¹/₄ NW¹/₄ to the point of beginning.

(2) SURVEY.—The exact acreage and legal description of the National Forest System land to be conveyed under this section shall be determined by a survey satisfactory to the Secretary.

(d) CONSIDERATION.—

(1) IN GENERAL.—The consideration for the conveyance of any National Forest System land under this section shall be—

(A) provided in the form of cash; and

(B) in an amount equal to the fair market value of the National Forest System land being conveyed, as determined under paragraph (2).

(2) FAIR MARKET VALUE DETERMINATION.—The fair market value of the National Forest System land conveyed under this section shall be determined—

(A) in the case of a method of conveyance described in subsection (b), by an appraisal that is—

(i) conducted in accordance with the Uniform Appraisal Standards for Federal Land Acquisitions; and

(ii) approved by the Secretary; or

(B) in the case of a conveyance by a method other than a method described in subsection (b), by competitive sale.

(e) TERMS AND CONDITIONS.—The conveyance under this section shall be subject to—

(1) valid existing rights; and

(2) such other terms and conditions as the Secretary considers to be appropriate to protect the interests of the United States.

(f) **PROCEEDS FROM SALE.**—The Secretary shall deposit the proceeds of the conveyance of any National Forest System land under this section in the fund established under Public Law 90–171 (commonly known as the “Sisk Act”) (16 U.S.C. 484a).

(g) **COSTS.**—As a condition for the conveyance under this section, the Secretary shall require the Alliance to pay at closing—

- (1) any reasonable appraisal costs; and
- (2) the costs of any administrative or environmental analysis required by applicable law (including regulations).

SEC. 8632. REMOTE SENSING TECHNOLOGIES.

16 USC 1642
note.

The Chief of the Forest Service shall—

(1) continue to find efficiencies in the operations of the forest inventory and analysis program under section 3(e) of the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1642(e)) through the improved use and integration of advanced remote sensing technologies to provide estimates for State- and national-level inventories, where appropriate; and

(2) partner with States and other interested stakeholders to carry out the program described in paragraph (1).

PART III—TIMBER INNOVATION

SEC. 8641. DEFINITIONS.

7 USC 7655c
note.

In this part:

(1) **INNOVATIVE WOOD PRODUCT.**—The term “innovative wood product” means a type of building component or system that uses large panelized wood construction, including mass timber.

(2) **MASS TIMBER.**—The term “mass timber” includes—

- (A) cross-laminated timber;
- (B) nail laminated timber;
- (C) glue laminated timber;
- (D) laminated strand lumber; and
- (E) laminated veneer lumber.

(3) **SECRETARY.**—The term “Secretary” means the Secretary, acting through the Research and Development deputy area and the State and Private Forestry deputy area of the Forest Service.

(4) **TALL WOOD BUILDING.**—The term “tall wood building” means a building designed to be—

- (A) constructed with mass timber; and
- (B) more than 85 feet in height.

SEC. 8642. CLARIFICATION OF RESEARCH AND DEVELOPMENT PROGRAM FOR WOOD BUILDING CONSTRUCTION.

7 USC 7655c.

(a) **IN GENERAL.**—The Secretary shall conduct performance-driven research and development, education, and technical assistance for the purpose of facilitating the use of innovative wood products in wood building construction in the United States.

(b) **ACTIVITIES.**—In carrying out subsection (a), the Secretary shall—

(1) after receipt of input and guidance from, and collaboration with, the wood products industry, conservation organizations, and institutions of higher education, conduct research and development, education, and technical assistance at the Forest Products Laboratory or through the State and Private Forestry deputy area that meets measurable performance goals for the achievement of the priorities described in subsection (c); and

(2) after coordination and collaboration with the wood products industry and conservation organizations, make competitive grants to institutions of higher education to conduct research and development, education, and technical assistance that meets measurable performance goals for the achievement of the priorities described in subsection (c).

(c) **PRIORITIES.**—The research and development, education, and technical assistance conducted under subsection (a) shall give priority to—

(1) ways to improve the commercialization of innovative wood products;

(2) analyzing the safety of tall wood building materials;

(3) calculations by the Forest Products Laboratory of the lifecycle environmental footprint, from extraction of raw materials through the manufacturing process, of tall wood building construction;

(4) analyzing methods to reduce the lifecycle environmental footprint of tall wood building construction;

(5) analyzing the potential implications of the use of innovative wood products in building construction on wildlife; and

(6) 1 or more other research areas identified by the Secretary, in consultation with conservation organizations, institutions of higher education, and the wood products industry.

(d) **TIMEFRAME.**—To the maximum extent practicable, the measurable performance goals for the research and development, education, and technical assistance conducted under subsection (a) shall be achievable within a 5-year timeframe.

7 USC 7655d.

SEC. 8643. WOOD INNOVATION GRANT PROGRAM.

(a) **DEFINITIONS.**—In this section:

(1) **ELIGIBLE ENTITY.**—The term “eligible entity” means—

(A) an individual;

(B) a public or private entity (including a center of excellence that consists of 1 or more partnerships between forestry, engineering, architecture, or business schools at 1 or more institutions of higher education); or

(C) a State, local, or Tribal government.

(2) **SECRETARY.**—The term “Secretary” means the Secretary, acting through the Chief of the Forest Service.

(b) **GRANT PROGRAM.**—

(1) **IN GENERAL.**—The Secretary, in carrying out the wood innovation grant program of the Secretary described in the notice of the Secretary entitled “Request for Proposals: 2016 Wood Innovations Funding Opportunity” (80 Fed. Reg. 63498 (October 20, 2015)), may make a wood innovation grant to 1 or more eligible entities each year for the purpose of advancing the use of innovative wood products.

(2) **PROPOSALS.**—To be eligible to receive a grant under this subsection, an eligible entity shall submit to the Secretary

a proposal at such time, in such manner, and containing such information as the Secretary may require.

(c) **INCENTIVIZING USE OF EXISTING MILLING CAPACITY.**—In selecting among proposals of eligible entities under subsection (b)(2), the Secretary shall give priority to proposals that include the use or retrofitting (or both) of existing sawmill facilities located in counties in which the average annual unemployment rate exceeded the national average unemployment rate by more than 1 percent in the previous calendar year.

(d) **MATCHING REQUIREMENT.**—As a condition of receiving a grant under subsection (b), an eligible entity shall provide funds equal to the amount received by the eligible entity under the grant, to be derived from non-Federal sources.

SEC. 8644. COMMUNITY WOOD ENERGY AND WOOD INNOVATION PROGRAM.

Section 9013 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8113) is amended to read as follows:

“SEC. 9013. COMMUNITY WOOD ENERGY AND WOOD INNOVATION PROGRAM.

“(a) DEFINITIONS.—In this section:

“(1) COMMUNITY WOOD ENERGY SYSTEM.—

“(A) IN GENERAL.—The term ‘community wood energy system’ means an energy system that—

“(i) produces thermal energy or combined thermal energy and electricity where thermal is the primary energy output;

“(ii) services public facilities owned or operated by State or local governments (including schools, town halls, libraries, and other public buildings) or private or nonprofit facilities (including commercial and business facilities, such as hospitals, office buildings, apartment buildings, and manufacturing and industrial buildings); and

“(iii) uses woody biomass, including residuals—

“(I) that have not been adulterated with glue or other chemical treatments from wood processing facilities, as the primary fuel; and

“(II) for which the use of that biomass for energy production does not cause conversion of forests to nonforest use.

“(B) INCLUSIONS.—The term ‘community wood energy system’ includes single-facility central heating, district heating systems serving multiple buildings, combined heat and electric systems where thermal energy is the primary energy output, and other related biomass energy systems.

“(2) INNOVATIVE WOOD PRODUCT FACILITY.—The term ‘innovative wood product facility’ means a manufacturing or processing plant or mill that produces—

“(A) building components or systems that use large panelized wood construction, including mass timber;

“(B) wood products derived from nanotechnology or other new technology processes, as determined by the Secretary; or

“(C) other innovative wood products that use low-value, low-quality wood, as determined by the Secretary.

“(3) MASS TIMBER.—The term ‘mass timber’ includes—

- “(A) cross-laminated timber;
- “(B) nail-laminated timber;
- “(C) glue-laminated timber;
- “(D) laminated strand lumber; and
- “(E) laminated veneer lumber.

“(4) PROGRAM.—The term ‘Program’ means the Community Wood Energy and Wood Innovation Program established under subsection (b).

“(b) COMPETITIVE GRANT PROGRAM.—The Secretary, acting through the Chief of the Forest Service, shall establish a competitive grant program to be known as the ‘Community Wood Energy and Wood Innovation Program’.

“(c) MATCHING GRANTS.—

“(1) IN GENERAL.—Under the Program, the Secretary shall make grants to cover not more than 35 percent of the capital cost for installing a community wood energy system or building an innovative wood product facility.

“(2) SPECIAL CIRCUMSTANCES.—The Secretary may establish special circumstances, such as in the case of a community wood energy system project or innovative wood product facility project involving a school or hospital in a low-income community, under which grants under the Program may cover up to 50 percent of the capital cost.

“(3) SOURCE OF MATCHING FUNDS.—Matching funds required pursuant to this subsection from a grant recipient shall be derived from non-Federal funds.

“(d) PROJECT CAP.—The total amount of grants under the Program for a community wood energy system project or innovative wood product facility project may not exceed—

“(1) in the case of grants under the general authority provided under subsection (c)(1), \$1,000,000; and

“(2) in the case of grants for which the special circumstances apply under subsection (c)(2), \$1,500,000.

“(e) SELECTION CRITERIA.—In selecting applicants for grants under the Program, the Secretary shall consider the following:

“(1) The energy efficiency of the proposed community wood energy system or innovative wood product facility.

“(2) The cost effectiveness of the proposed community wood energy system or innovative wood product facility.

“(3) The extent to which the proposed community wood energy system or innovative wood product facility represents the best available commercial technology.

“(4) The extent to which the proposed community wood energy system uses the most stringent control technology that has been required or achieved in practice for a wood-fired boiler of similar size and type.

“(5)(A) The extent to which the proposed community wood energy system will displace conventional fossil fuel generation.

“(B) Whether the proposed community wood energy system minimizes emission increases to the greatest extent possible.

“(6) The extent to which the proposed community wood energy system will increase delivered thermal efficiency of the systems replaced.

“(7) The extent to which the applicant has demonstrated a high likelihood of project success by completing detailed engineering and design work in advance of the grant application.

“(8) Other technical, economic, conservation, and environmental criteria that the Secretary considers appropriate.

“(f) GRANT PRIORITIES.—In selecting applicants for grants under the Program, the Secretary shall give priority to proposals that use the most stringent control technology that has been required or achieved in practice for a wood-fired boiler and—

“(1) would be carried out in a location where markets are needed for the low-value, low-quality wood;

“(2) would be carried out in a location with limited access to natural gas pipelines;

“(3) would include the use or retrofitting (or both) of existing sawmill facilities located in a location where the average annual unemployment rate exceeded the national average unemployment rate by more than 1 percent during the previous calendar year; or

“(4) would be carried out in a location where the project will aid with forest restoration.

“(g) LIMITATIONS.—

“(1) CAPACITY OF COMMUNITY WOOD ENERGY SYSTEMS.—A community wood energy system acquired with grant funds under the Program shall not exceed nameplate capacity of 5 megawatts of thermal energy or combined thermal and electric energy.

“(2) FUNDING FOR INNOVATIVE WOOD PRODUCT FACILITIES.—Not more than 25 percent of funds provided as grants under the Program for a fiscal year may go to applicants proposing innovative wood product facilities, unless the Secretary has received an insufficient number of qualified proposals for community wood energy systems.

“(h) FUNDING.—There is authorized to be appropriated to carry out the Program \$25,000,000 for each of fiscal years 2019 through 2023.”.

Subtitle G—Other Matters

SEC. 8701. RURAL REVITALIZATION TECHNOLOGIES.

Section 2371(d)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6601(d)(2)) is amended by striking “2018” and inserting “2023”.

SEC. 8702. RESOURCE ADVISORY COMMITTEES.

Section 205 of the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 7125) is amended—

(1) in subsection (d)—

(A) in paragraph (1), by striking “Each” and inserting “Except as provided in paragraph (6), each”;

(B) in paragraph (2), in the matter preceding subparagraph (A), by striking “Committee” and inserting “Except as provided in paragraph (6), committee”; and

(C) by adding at the end the following:

“(6) COMMITTEE COMPOSITION WAIVER AUTHORITY.—

“(A) NOTICE.—On notice from the applicable regional forester that an adequate number of qualified candidates are not interested or available to serve on a resource advisory committee, the Secretary concerned shall publish

a notice in the Federal Register seeking candidates for the resource advisory committee.

“(B) MODIFICATION OF MEMBERSHIP REQUIREMENTS.—If, by the date that is 30 days after the date of publication of notice under subparagraph (A), an inadequate number of qualified candidates have applied to serve on a resource advisory committee, the Secretary concerned may reduce—

“(i) the membership requirement under paragraph (1) to not fewer than 9; and

“(ii) the membership requirements under subparagraphs (A), (B), and (C) of paragraph (2) to 3 in each category described in that paragraph, except that where a vacancy exists on a resource advisory committee, the Secretary concerned may not reject a qualified applicant from any category.

“(C) TERMINATION OF AUTHORITY.—The authority provided under this paragraph terminates on October 1, 2023.”; and

(2) by adding at the end the following:

“(g) REGIONAL APPOINTMENT PILOT PROGRAM.—

“(1) DEFINITION OF APPLICABLE DESIGNEE.—In this subsection, the term ‘applicable designee’ means the applicable regional forester.

“(2) PILOT PROGRAM.—The Secretary concerned shall carry out a pilot program (referred to in this subsection as the ‘pilot program’) to allow an applicable designee to appoint members of resource advisory committees.

“(3) GEOGRAPHIC LIMITATION.—The pilot program shall only apply to resource advisory committees chartered in—

“(A) the State of Montana; and

“(B) the State of Arizona.

“(4) RESPONSIBILITIES OF APPLICABLE DESIGNEE.—

“(A) REVIEW.—Before appointing a member of a resource advisory committee under the pilot program, an applicable designee shall conduct the review and analysis that would otherwise be conducted for an appointment to a resource advisory committee if the pilot program was not in effect, including any review and analysis with respect to civil rights and budgetary requirements.

“(B) SAVINGS CLAUSE.—Nothing in this subsection relieves an applicable designee from any requirement developed by the Secretary concerned for making an appointment to a resource advisory committee that is in effect on the date of enactment of this subsection, including any requirement for advertising a vacancy.

“(5) TERMINATION OF EFFECTIVENESS.—The authority provided under this subsection terminates on October 1, 2023.

“(6) REPORT TO CONGRESS.—Not later than the date that is 180 days after the date described in paragraph (5), the Secretary concerned shall submit to Congress a report that includes—

“(A) with respect to appointments made under the pilot program compared to appointments to resource advisory committees not made under the pilot program, a description of the extent to which—

“(i) appointments were faster or slower; and

“(ii) the requirements described in paragraph (4) differ; and

“(B) a recommendation with respect to whether Congress should terminate, continue, modify, or expand the pilot program.”.

SEC. 8703. TRIBAL FOREST MANAGEMENT DEMONSTRATION PROJECT. 25 USC 3115b.

(a) **IN GENERAL.**—The Secretary of the Interior and the Secretary may carry out demonstration projects by which federally recognized Indian Tribes or Tribal organizations may contract to perform administrative, management, and other functions of programs of the Tribal Forest Protection Act of 2004 (25 U.S.C. 3115a et seq.) through contracts entered into under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304 et seq.).

(b) **REQUIREMENTS.**—With respect to any contract or project carried out under subsection (a)—

(1) on National Forest System land, the Secretary shall carry out all functions delegated to the Secretary of the Interior under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304 et seq.);

(2) the Secretary or the Secretary of the Interior, as applicable, shall make any decisions required to be made under—

(A) the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.); and

(B) the Tribal Forest Protection Act of 2004 (25 U.S.C. 3115a et seq.); and

(3) the contract or project shall be entered into under, and in accordance with, section 403(b)(2) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5363(b)(2)).

SEC. 8704. TECHNICAL CORRECTIONS.

(a) **WILDFIRE SUPPRESSION FUNDING AND FOREST MANAGEMENT ACTIVITIES ACT.**—

(1) **IN GENERAL.**—The Wildfire Suppression Funding and Forest Management Activities Act (Public Law 115–141) is amended—

(A) in section 102(a)(2), by striking “the date of enactment” and inserting “the date of the enactment”; and *Ante*, p. 1059.

(B) in section 401(a)(1), by inserting “of 2000” after “Self-Determination Act”. *Ante*, p. 1076.

(2) **EFFECTIVE DATE.**—The amendments made by paragraph (1) shall take effect as if enacted as part of the Wildfire Suppression Funding and Forest Management Activities Act (Public Law 115–141). 2 USC 901 note.

(b) **AGRICULTURAL ACT OF 2014.**—Section 8206(a) of the Agricultural Act of 2014 (16 U.S.C. 2113a(a)) (as amended by section 8624(b)) is amended—

(1) in paragraph (4)(B)(i)(II), by striking “Good Neighbor Authority Improvement Act” and inserting “Wildfire Suppression Funding and Forest Management Activities Act”; and

(2) in paragraph (8), by striking “Good Neighbor Authority Improvement Act” and inserting “Wildfire Suppression Funding and Forest Management Activities Act”.

43 USC 1761a. **SEC. 8705. STREAMLINING THE FOREST SERVICE PROCESS FOR CONSIDERATION OF COMMUNICATIONS FACILITY LOCATION APPLICATIONS.**

(a) **DEFINITIONS.**—In this section:

(1) **COMMUNICATIONS FACILITY.**—The term “communications facility” includes—

(A) any infrastructure, including any transmitting device, tower, or support structure, and any equipment, switches, wiring, cabling, power sources, shelters, or cabinets, associated with the licensed or permitted unlicensed wireless or wireline transmission of writings, signs, signals, data, images, pictures, and sounds of all kinds; and

(B) any antenna or apparatus that—

(i) is designed for the purpose of emitting radio frequency;

(ii) is designed to be operated, or is operating, from a fixed location pursuant to authorization by the Federal Communications Commission or is using duly authorized devices that do not require individual licenses; and

(iii) is added to a tower, building, or other structure.

(2) **COMMUNICATIONS SITE.**—The term “communications site” means an area of covered land designated for communications uses.

(3) **COMMUNICATIONS USE.**—The term “communications use” means the placement and operation of a communications facility.

(4) **COMMUNICATIONS USE AUTHORIZATION.**—The term “communications use authorization” means an easement, right-of-way, lease, license, or other authorization to locate or modify a communications facility on covered land by the Forest Service for the primary purpose of authorizing the occupancy and use of the covered land for communications use.

(5) **COVERED LAND.**—The term “covered land” means National Forest System land.

(6) **FOREST SERVICE.**—The term “Forest Service” means the United States Forest Service of the Department of Agriculture.

(7) **ORGANIZATIONAL UNIT.**—The term “organizational unit” means, within the Forest Service—

(A) a regional office;

(B) the headquarters;

(C) a management unit; or

(D) a ranger district office.

(b) **REGULATIONS.**—Notwithstanding section 6409 of the Middle Class Tax Relief and Job Creation Act of 2012 (47 U.S.C. 1455) or section 606 of the Repack Airwaves Yielding Better Access for Users of Modern Services Act of 2018 (Public Law 115-141), not later than 1 year after the date of enactment of this Act, the Secretary shall issue regulations—

(1) to streamline the process for considering applications to locate or modify communications facilities on covered land;

(2) to ensure, to the maximum extent practicable, that the process is uniform and standardized across the organizational units of the Forest Service; and

- (3) to require that the applications described in paragraph (1) be considered and granted on a competitively neutral, technology neutral, and non-discriminatory basis.
- (c) REQUIREMENTS.—The regulations issued under subsection (b) shall include the following:
- (1) Procedures for the tracking of applications described in subsection (b)(1), including—
- (A) identifying the number of applications—
- (i) received;
- (ii) approved; and
- (iii) denied;
- (B) in the case of an application that is denied, describing the reasons for the denial; and
- (C) describing the amount of time between the receipt of an application and the issuance of a final decision on an application.
- (2) Provision for minimum lease terms of not less than 15 years for leases with respect to the location of communications facilities on covered land.
- (3) A structure of fees for—
- (A) submitting an application described in subsection (b)(1), based on the cost to the Forest Service of considering such an application; and
- (B) issuing communications use authorizations, based on the cost to the Forest Service of any maintenance or other activities required to be performed by the Forest Service as a result of the location or modification of the communications facility.
- (4) Provision for prioritization or streamlining of the consideration of applications to locate or modify communications facilities on covered land in a previously disturbed right-of-way.
- (d) ADDITIONAL CONSIDERATIONS.—In issuing regulations under subsection (b), the Secretary shall consider—
- (1) how discrete reviews in considering an application described in subsection (b)(1) can be conducted simultaneously, rather than sequentially, by any organizational units of the Forest Service that must approve the location or modification; and
- (2) how to eliminate overlapping requirements among the organizational units of the Forest Service with respect to the location or modification of a communications facility on covered land administered by those organizational units.
- (e) COMMUNICATION OF STREAMLINED PROCESS TO ORGANIZATIONAL UNITS.—The Secretary shall, with respect to the regulations issued under subsection (b)—
- (1) communicate the regulations to the organizational units of the Forest Service; and
- (2) ensure that the organizational units of the Forest Service follow the regulations.
- (f) DEPOSIT AND AVAILABILITY OF FEES.—
- (1) SPECIAL ACCOUNT.—The Secretary of the Treasury shall establish a special account in the Treasury for the Forest Service for the deposit of fees collected by the Forest Service under subsection (c)(3) for communications use authorizations on covered land granted, issued, or executed by the Forest Service.

(2) **REQUIREMENTS FOR FEES COLLECTED.**—Fees collected by the Forest Service under subsection (c)(3) shall be—

(A) based on the costs described in subsection (c)(3); and

(B) competitively neutral, technology neutral, and non-discriminatory with respect to other users of the communications site.

(3) **DEPOSIT OF FEES.**—Fees collected by the Forest Service under subsection (c)(3) shall be deposited in the special account established for the Forest Service under paragraph (1).

(4) **AVAILABILITY OF FEES.**—Amounts deposited in the special account for the Forest Service shall be available, to the extent and in such amounts as are provided in advance in appropriation Acts, to the Secretary to cover costs incurred by the Forest Service described in subsection (c)(3), including the following:

(A) Preparing needs assessments or other programmatic analyses necessary to designate communications sites and issue communications use authorizations.

(B) Developing management plans for communications sites.

(C) Training for management of communications sites.

(D) Obtaining or improving access to communications sites.

(5) **NO ADDITIONAL APPROPRIATIONS AUTHORIZED.**—Except as provided in paragraph (4), no other amounts are authorized to be appropriated to carry out this section.

(g) **SAVINGS PROVISIONS.**—

(1) **REAL PROPERTY AUTHORITIES.**—Nothing in this section, or the amendments made by this section, shall be construed as providing any executive agency with any new leasing or other real property authorities not existing prior to the date of enactment of this Act.

(2) **EFFECT ON OTHER LAWS.**—Nothing in this section, or the amendments made by this section, and no actions taken pursuant to this section, or the amendments made by this section, shall impact a decision or determination by any executive agency to sell, dispose of, declare excess or surplus, lease, reuse, or redevelop any Federal real property pursuant to title 40, United States Code, the Federal Assets Sale and Transfer Act of 2016 (40 U.S.C. 1303 note; Public Law 114–287), or any other law governing real property activities of the Federal Government. No agreement entered into pursuant to this section, or the amendments made by this section, may obligate the Federal Government to hold, control, or otherwise retain or use real property that may otherwise be deemed as excess, surplus, or that could otherwise be sold, leased, or redeveloped.

43 USC 1748d.

SEC. 8706. REPORT ON WILDFIRE, INSECT INFESTATION, AND DISEASE PREVENTION ON FEDERAL LAND.

Not later than 180 days after the date of the enactment of this Act and every year thereafter, the Secretary and the Secretary of Interior shall submit to the Committee on Agriculture of the House of Representatives, the Committee on Natural Resources of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Committee on Energy and Natural Resources of the Senate a jointly written report on—

- (1) the number of acres of Federal land treated by the Secretary or the Secretary of the Interior for wildfire, insect infestation, or disease prevention;
- (2) the number of acres of Federal land categorized as a high or extreme fire risk;
- (3) the total timber production from Federal land;
- (4) the number of acres and average fire intensity of wildfires affecting Federal land treated for wildfire, insect infestation, or disease prevention;
- (5) the number of acres and average fire intensity of wildfires affecting Federal land not treated for wildfire, insect infestation, or disease prevention;
- (6) the Federal response time for each fire on greater than 25,000 acres;
- (7) the number of miles of roads and trails on Federal land in need of maintenance;
- (8) the number of miles of roads on Federal land in need of decommissioning;
- (9) the maintenance backlog, as of the date of the report, for roads, trails, and recreational facilities on Federal land;
- (10) other measures needed to maintain, improve, or restore water quality on Federal land; and
- (11) other measures needed to improve ecosystem function or resiliency on Federal land.

SEC. 8707. WEST FORK FIRE STATION.

(a) DEFINITIONS.—In this section:

(1) COUNTY.—The term “County” means Dolores County, Colorado.

(2) WEST FORK FIRE STATION CONVEYANCE PARCEL.—The term “West Fork Fire Station Conveyance Parcel” means the parcel of approximately 3.61 acres of National Forest System land in the County, as depicted on the map entitled “Map for West Fork Fire Station Conveyance Parcel” and dated November 21, 2017.

(b) CONVEYANCE OF WEST FORK FIRE STATION CONVEYANCE PARCEL, DOLORES COUNTY, COLORADO.—

(1) IN GENERAL.—On receipt of a request from the County and subject to such terms and conditions as are mutually satisfactory to the Secretary and the County, including such additional terms as the Secretary determines to be necessary, the Secretary shall convey to the County without consideration all right, title, and interest of the United States in and to the West Fork Fire Station Conveyance Parcel.

(2) COSTS.—Any costs relating to the conveyance under paragraph (1), including processing and transaction costs, shall be paid by the County.

(3) USE OF LAND.—The land conveyed to the County under paragraph (1) shall be used by the County only for a fire station, related infrastructure, and roads to facilitate access to and through the West Fork Fire Station Conveyance Parcel.

(4) REVERSION.—If any portion of the land conveyed under paragraph (1) is used in a manner that is inconsistent with the use described in paragraph (3), the land shall, at the discretion of the Secretary, revert to the United States.

SEC. 8708. COMPETITIVE FORESTRY, NATURAL RESOURCES, AND ENVIRONMENTAL GRANTS PROGRAM.

Section 1232 of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 582a-8) is amended—

(1) in subsection (a) by inserting “or forest restoration” after “research”; and

(2) by amending subsection (c) to read as follows:

“(c) PRIORITIES.—

“(1) RESEARCH.—In awarding the initial grants under subsection (a) the Secretary shall give priority to applicants who will use such grants for research concerning—

“(A) the biology of forest organisms, including physiology, genetic mechanisms, and biotechnology;

“(B) ecosystem function and management, including forest ecosystem research, biodiversity, forest productivity, pest management, water resources, and alternative silvicultural systems;

“(C) wood as a raw material, including forest products and harvesting;

“(D) human forest interactions, including outdoor recreation, public policy formulation, economics, sociology, and administrative behavior;

“(E) international trade, competition, and cooperation related to forest products;

“(F) alternative native crops, products, and services that can be produced from renewable natural resources associated with privately held forest lands;

“(G) viable economic production and marketing systems for alternative natural resource products and services;

“(H) economic and environmental benefits of various conservation practices on forest lands;

“(I) genetic tree improvement; and

“(J) market expansion.

“(2) FOREST RESTORATION.—Grants may be used to support programs that restore forest tree species native to American forests that may have suffered severe levels of mortality caused by non-native insects, plant pathogens, or others pests.

“(A) REQUIRED COMPONENT OF FOREST RESTORATION STRATEGY.—To receive a grant under this subsection, an eligible institution shall demonstrate that it offers a program with a forest restoration strategy that incorporates not less than one of the following components:

“(i) Collection and conservation of native tree genetic material.

“(ii) Production of propagules of native trees in numbers large enough for landscape scale restoration.

“(iii) Site preparation of former of native tree habitat.

“(iv) Planting of native tree seedlings.

“(v) Post-planting maintenance of native trees.

“(B) AWARD OF GRANTS.—The Secretary shall award competitive grants under this subsection based on the degree to which the applicant addresses the following criteria:

“(i) Risk posed to the forests of that State by non-native pests, as measured by such factors as the number of such pests present in the State.

“(ii) The proportion of the State’s forest composed of species vulnerable to non-native pests present in the United States.

“(iii) The pests’ rate of spread via natural or human-assisted means.”.

TITLE IX—ENERGY

SEC. 9001. DEFINITIONS.

Section 9001 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101) is amended—

(1) in paragraph (4)(A), by striking “agricultural materials” and inserting “agricultural materials, renewable chemicals.”;

(2) in paragraph (7)(A), by striking “into biofuels and biobased products; and” and inserting the following: “or an intermediate ingredient or feedstock of renewable biomass into any 1 or more, or a combination, of—

“(i) biofuels;

“(ii) renewable chemicals; or

“(iii) biobased products; and”;

(3) in paragraph (16)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by striking “(B)” and inserting “(C)”;

(ii) by striking “that—” in the matter preceding clause (i) and all that follows through the period at the end of clause (ii) and inserting “that produces usable energy from a renewable energy source.”;

(B) by redesignating subparagraph (B) as subparagraph (C); and

(C) by inserting after subparagraph (A) the following:

“(B) INCLUSIONS.—The term ‘renewable energy system’ includes—

“(i) distribution components necessary to move energy produced by a system described in subparagraph (A) to the initial point of sale; and

“(ii) other components and ancillary infrastructure of a system described in subparagraph (A), such as a storage system.”.

SEC. 9002. BIOBASED MARKETS PROGRAM.

Section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) is amended—

(1) in subsection (b)(2)(A), by adding at the end the following:

“(iii) RENEWABLE CHEMICALS.—Not later than 180 days after the date of enactment of this clause, the Secretary shall update the criteria issued under clause (i) to provide criteria for determining which renewable chemicals may qualify to receive the label under paragraph (1).”;

(2) by amending subsection (f) to read as follows:

“(f) MANUFACTURERS OF RENEWABLE CHEMICALS AND BIOBASED PRODUCTS.—

“(1) NAICS CODES.—The Secretary and the Secretary of Commerce shall jointly develop North American Industry Classification System codes for—

“(A) renewable chemicals manufacturers; and

“(B) biobased products manufacturers.

“(2) NATIONAL TESTING CENTER REGISTRY.—The Secretary shall establish a national registry of testing centers for biobased products that will serve biobased product manufacturers.”;

(3) by redesignating subsections (h) through (j) as subsections (j) through (l), respectively;

(4) by inserting after subsection (g) the following:

“(h) STREAMLINING.—

“(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall establish guidelines for an integrated process under which biobased products may be, in 1 expedited approval process—

“(A) determined to be eligible for a Federal procurement preference under subsection (a); and

“(B) approved to use the ‘USDA Certified Biobased Product’ label under subsection (b).

“(2) INITIATION.—The Secretary shall ensure that a review of a biobased product under the integrated qualification process established pursuant to paragraph (1) may be initiated on receipt of a recommendation or petition from a manufacturer, vendor, or other interested party.

“(3) PRODUCT DESIGNATIONS.—The Secretary may issue a product designation pursuant to subsection (a)(3)(B), or approve the use of the ‘USDA Certified Biobased Product’ label under subsection (b), through streamlined procedures, which shall not be subject to chapter 7 of title 5, United States Code.

“(i) REQUIREMENT OF PROCURING AGENCIES.—A procuring agency (as defined in subsection (a)(1)) shall not establish regulations, guidance, or criteria regarding the procurement of biobased products, pursuant to this section or any other law, that impose limitations on that procurement that are more restrictive than the limitations established by the Secretary under the regulations to implement this section.”;

(5) in subsection (k) (as so redesignated)—

(A) in paragraph (1), by striking “2018” and inserting “2023”; and

(B) in paragraph (2), by striking “\$2,000,000 for each of fiscal years 2014 through 2018” and inserting “\$3,000,000 for each of fiscal years 2019 through 2023”; and

(6) by adding at the end the following:

“(m) RURAL DEVELOPMENT MISSION AREA.—In carrying out this section, except as provided in subsection (g), the Secretary shall act through the rural development mission area.”.

SEC. 9003. BIOREFINERY ASSISTANCE.

Section 9003 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8103) is amended—

(1) in subsection (b)(3)—

(A) in subparagraph (A), by striking “produces an advanced biofuel; and” and inserting the following: “produces any 1 or more, or a combination, of—

“(i) an advanced biofuel;

- “(ii) a renewable chemical; or
- “(iii) a biobased product; and”; and
- (B) in subparagraph (B), by striking “produces an advanced biofuel.” and inserting the following: “produces any 1 or more, or a combination, of—
 - “(i) an advanced biofuel;
 - “(ii) a renewable chemical; or
 - “(iii) a biobased product.”; and
- (2) in subsection (g)—
 - (A) in paragraph (1)(A)—
 - (i) in clause (i), by striking “and” at the end;
 - (ii) in clause (ii), by striking the period at the end and inserting a semicolon; and
 - (iii) by adding at the end the following:
 - “(iii) \$50,000,000 for fiscal year 2019; and
 - “(iv) \$25,000,000 for fiscal year 2020.”; and
 - (B) in paragraph (2), by striking “2018” and inserting “2023”.

SEC. 9004. REPOWERING ASSISTANCE PROGRAM.

Section 9004 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8104) is repealed.

SEC. 9005. BIOENERGY PROGRAM FOR ADVANCED BIOFUELS.

Section 9005 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8105) is amended—

- (1) in subsection (e)—
 - (A) by striking “The Secretary may” and inserting the following new paragraph:
 - “(1) AMOUNT.—The Secretary shall”; and
 - (B) by adding at the end the following new paragraph:
 - “(2) FEEDSTOCK.—The total amount of payments made in a fiscal year under this section to one or more eligible producers for the production of advanced biofuels derived from a single eligible commodity, including intermediate ingredients of that single commodity or use of that single commodity and its intermediate ingredients in combination with another commodity, shall not exceed one-third of the total amount of funds made available under subsection (g).”; and
 - (2) in subsection (g)—
 - (A) in paragraph (1)—
 - (i) in subparagraph (D), by striking “and” at the end;
 - (ii) in subparagraph (E), by striking the period at the end and inserting “; and”; and
 - (iii) by adding at the end the following:
 - “(F) \$7,000,000 for each of fiscal years 2019 through 2023.”; and
 - (B) in paragraph (2), by striking “2014 through 2018” and inserting “2019 through 2023”.

SEC. 9006. BIODIESEL FUEL EDUCATION PROGRAM.

Section 9006(d) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8106(d)) is amended to read as follows:

“(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$2,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 9007. RURAL ENERGY FOR AMERICA PROGRAM.

Section 9007 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107) is amended—

(1) in subsection (c)—

(A) by amending paragraph (1) to read as follows:

“(1) IN GENERAL.—

“(A) ASSISTANCE.—In addition to any similar authority, the Secretary shall provide—

“(i) loan guarantees and grants to agricultural producers and rural small businesses—

“(I) to purchase renewable energy systems, including systems that may be used to produce and sell electricity; and

“(II) to make energy efficiency improvements;

and

“(ii) loan guarantees to agricultural producers to purchase and install energy efficient equipment or systems for agricultural production or processing that exceed—

“(I) energy efficiency building codes, if applicable;

“(II) Federal or State energy efficiency standards, if applicable; and

“(III) other energy efficiency standards determined appropriate by the Secretary.

“(B) LIMITATIONS.—With respect to loan guarantees under subparagraph (A)(ii)—

“(i) if no codes or standards described in such subparagraph apply to the energy efficient equipment or system to be purchased or installed pursuant to such subparagraph, the Secretary shall require, to the maximum extent practicable, such equipment or system to meet the same efficiency measurements as the most efficient available equipment or system in the market; and

“(ii) the Secretary shall not provide such a loan guarantee for the purchase or installation of any energy efficient equipment or system unless more than one type of such equipment or system is available in the market.”; and

(B) in paragraph (3), by adding at the end the following:

“(D) LOAN GUARANTEES FOR ENERGY EFFICIENT EQUIPMENT TO AGRICULTURAL PRODUCERS.—Using funds made available under paragraphs (1) and (3) of subsection (f), in each fiscal year the Secretary may use for loan guarantees under paragraph (1)(A)(ii) an amount that does not exceed 15 percent of such funds.”;

(2) in subsection (e), by striking “subsection (g)” each place it appears and inserting “subsection (f)”;

(3) by striking subsection (f) and redesignating subsection (g) as subsection (f); and

(4) in subsection (f)(3) (as so redesignated), by striking “2014 through 2018” and inserting “2019 through 2023”.

SEC. 9008. RURAL ENERGY SELF-SUFFICIENCY INITIATIVE.

Section 9009 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8109) is repealed.

SEC. 9009. FEEDSTOCK FLEXIBILITY.

Section 9010(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8110(b)) is amended—

- (1) in paragraph (1)(A), by striking “2018” and inserting “2023”; and
- (2) in paragraph (2)(A), by striking “2018” and inserting “2023”.

SEC. 9010. BIOMASS CROP ASSISTANCE PROGRAM.

Section 9011 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8111) is amended—

- (1) in subsection (a)(6)—
 - (A) in subparagraph (B)—
 - (i) in clause (ii)(II), by striking “and” at the end;
 - (ii) in clause (iii), by striking the period at the end and inserting “; and”; and
 - (iii) by adding at the end the following:
 - “(iv) algae.”; and
 - (B) in subparagraph (C)—
 - (i) by striking clause (iv); and
 - (ii) by redesignating clauses (v) through (vii) as clauses (iv) through (vi), respectively; and
- (2) in subsection (f)—
 - (A) by amending paragraph (1) to read as follows:
 - “(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$25,000,000 for each of fiscal years 2019 through 2023.”; and
 - (B) by amending paragraph (3) to read as follows:
 - “(3) TECHNICAL ASSISTANCE.—Effective for fiscal year 2014 and each subsequent fiscal year, funds made available under this subsection shall be available for the provision of technical assistance with respect to activities authorized under this section.”.

SEC. 9011. CARBON UTILIZATION AND BIOGAS EDUCATION PROGRAM.

Title IX of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101 et seq.) is amended by adding at the end the following:

“SEC. 9014. CARBON UTILIZATION AND BIOGAS EDUCATION PROGRAM.

7 USC 8115.

“(a) DEFINITIONS.—In this section:

“(1) CARBON DIOXIDE.—The term ‘carbon dioxide’ means carbon dioxide that is produced as a byproduct of the production of a biobased product.

“(2) ELIGIBLE ENTITY.—The term ‘eligible entity’ means an entity that—

“(A) is—

“(i) an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of that Code; or

“(ii) an institution of higher education (as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)));

“(B) has demonstrated knowledge about—

“(i) sequestration and utilization of carbon dioxide;

or

“(ii) aggregation of organic waste from multiple sources into a single biogas system; and

“(C) has a demonstrated ability to conduct educational and technical support programs.

“(b) ESTABLISHMENT.—The Secretary, in consultation with the Secretary of Energy, shall make competitive grants to eligible entities—

“(1) to provide education to the public about the economic and emissions benefits of permanent sequestration or utilization of carbon dioxide with a primary objective of providing benefits and opportunities for rural businesses, rural communities, and utilities serving rural communities; or

“(2) to provide education to agricultural producers and other stakeholders about opportunities for aggregation of organic waste from multiple sources into a single biogas system.

“(c) FUNDING.—There are authorized to be appropriated for each of fiscal years 2019 through 2023—

“(1) \$1,000,000 to carry out subsection (b)(1); and

“(2) \$1,000,000 to carry out subsection (b)(2).”.

TITLE X—HORTICULTURE

SEC. 10101. SPECIALTY CROPS MARKET NEWS ALLOCATION.

Section 10107(b) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 1622b(b)) is amended by striking “2018” and inserting “2023”.

7 USC 1627c
note.

SEC. 10102. LOCAL AGRICULTURE MARKET PROGRAM.

(a) PURPOSE.—The purpose of this section is to combine the purposes and coordinate the functions, as in effect on the day before the date of enactment of this Act, of—

(1) the Farmers’ Market and Local Food Promotion Program established under section 6 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3005); and

(2) the value-added agricultural product market development grants under section 231(b) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1632a(b)).

(b) LOCAL AGRICULTURE MARKET PROGRAM.—Subtitle A of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

7 USC 1627c.

“SEC. 210A. LOCAL AGRICULTURE MARKET PROGRAM.

“(a) DEFINITIONS.—In this section:

“(1) BEGINNING FARMER OR RANCHER.—The term ‘beginning farmer or rancher’ has the meaning given the term in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)).

“(2) DIRECT PRODUCER-TO-CONSUMER MARKETING.—The term ‘direct producer-to-consumer marketing’ has the meaning given the term ‘direct marketing from farmers to consumers’ in section 3 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3002).

“(3) FAMILY FARM.—The term ‘family farm’ has the meaning given the term in section 231(a) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1632a(a)).

“(4) FOOD COUNCIL.—The term ‘food council’ means a food policy council or food and farm system network, as determined by the Secretary, that—

“(A) represents—

“(i) multiple organizations involved in the production, processing, and consumption of food; and

“(ii) local, Tribal, or State governments; and

“(B) addresses food and farm-related issues and needs within city, county, State, Tribal region, multicounty region, or other region designated by the food council or food system network.

“(5) MAJORITY-CONTROLLED PRODUCER-BASED BUSINESS VENTURE.—

“(A) IN GENERAL.—The term ‘majority-controlled producer-based business venture’ means a venture greater than 50 percent of the ownership and control of which is held by—

“(i) 1 or more producers; or

“(ii) 1 or more entities, 100 percent of the ownership and control of which is held by 1 or more producers.

“(B) ENTITY DESCRIBED.—For purposes of subparagraph (A), the term ‘entity’ means—

“(i) a partnership;

“(ii) a limited liability corporation;

“(iii) a limited liability partnership; and

“(iv) a corporation.

“(6) MID-TIER VALUE CHAIN.—The term ‘mid-tier value chain’ means a local or regional supply network that links independent producers with businesses and cooperatives that market value-added agricultural products in a manner that—

“(A) targets and strengthens the profitability and competitiveness of small and medium-sized farms and ranches that are structured as a family farm; and

“(B) obtains agreement from an eligible agricultural producer group, farmer or rancher cooperative, or majority-controlled producer-based business venture that is engaged in the value chain on a marketing strategy.

“(7) PARTNERSHIP.—The term ‘partnership’ means a partnership entered into under an agreement between—

“(A) 1 or more eligible partners (as defined in subsection (e)(1)); and

“(B) 1 or more eligible entities (as defined in subsection (e)(1)).

“(8) PROGRAM.—The term ‘Program’ means the Local Agriculture Market Program established under subsection (b).

“(9) REGIONAL FOOD CHAIN COORDINATION.—The term ‘regional food chain coordination’ means coordination and collaboration along the supply chain to increase connections between producers and markets.

“(10) SECRETARY.—The term ‘Secretary’ means the Secretary of Agriculture.

“(11) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term ‘socially disadvantaged farmer or rancher’ has the meaning given the term in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)).

“(12) VALUE-ADDED AGRICULTURAL PRODUCT.—The term ‘value-added agricultural product’ means any agricultural commodity or product that—

“(A)(i) has undergone a change in physical state;

“(ii) was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan that shows the enhanced value, as determined by the Secretary;

“(iii) is physically segregated in a manner that results in the enhancement of the value of the agricultural commodity or product;

“(iv) is a source of farm- or ranch-based renewable energy, including E-85 fuel; or

“(v) is aggregated and marketed as a locally produced agricultural food product; and

“(B) as a result of the change in physical state or the manner in which the agricultural commodity or product was produced, marketed, or segregated—

“(i) the customer base for the agricultural commodity or product is expanded; and

“(ii) a greater portion of the revenue derived from the marketing, processing, or physical segregation of the agricultural commodity or product is available to the producer of the commodity or product.

“(13) VETERAN FARMER OR RANCHER.—The term ‘veteran farmer or rancher’ has the meaning given the term in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)).

“(b) ESTABLISHMENT AND PURPOSE.—The Secretary shall establish a program, to be known as the ‘Local Agriculture Market Program’, that—

“(1) supports the development, coordination, and expansion of—

“(A) direct producer-to-consumer marketing;

“(B) local and regional food markets and enterprises;

and

“(C) value-added agricultural products;

“(2) connects and cultivates regional food economies through public-private partnerships;

“(3) supports the development of business plans, feasibility studies, and strategies for value-added agricultural production and local and regional food system infrastructure;

“(4) strengthens capacity and regional food system development through community collaboration and expansion of mid-tier value chains;

“(5) improves income and economic opportunities for producers and food businesses through job creation; and

“(6) simplifies the application processes and the reporting processes for the Program.

“(c) ADMINISTRATION.—In administering the Program, the Secretary shall—

“(1) streamline the Program to better support the activities carried out by the recipient of a grant under the Program;

“(2) connect producers with local food markets and value-added agricultural product opportunities;

“(3) partner with cooperative extension services, as appropriate, to provide Program technical assistance and outreach to Program stakeholders; and

“(4) ensure that the Rural Business-Cooperative Service and Agricultural Marketing Service provide Program technical assistance and outreach to Program stakeholders.

“(d) GRANTS.—

“(1) IN GENERAL.—Under the Program, the Secretary may, using funds made available under subsection (i), provide grants for each of fiscal years 2019 through 2023, in accordance with the purposes of the Program described in subsection (b), for the conduct of activities described in paragraph (2).

“(2) ELIGIBLE ACTIVITIES.—The recipient of a grant may use a grant provided under paragraph (1)—

“(A) to support and promote—

“(i) domestic direct producer-to-consumer marketing;

“(ii) farmers’ markets;

“(iii) roadside stands;

“(iv) agritourism activities,

“(v) community-supported agriculture programs; or

“(vi) online sales;

“(B) to support local and regional food business enterprises that engage as intermediaries in indirect producer-to-consumer marketing;

“(C) to support the processing, aggregation, distribution, and storage of—

“(i) local and regional food products that are marketed locally or regionally; and

“(ii) value-added agricultural products;

“(D) to encourage the development of value-added agricultural products;

“(E) to assist with business development plans and feasibility studies;

“(F) to develop marketing strategies for producers of local food products and value-added agricultural products in new and existing markets;

“(G) to facilitate regional food chain coordination and mid-tier value chain development;

“(H) to promote new business opportunities and marketing strategies to reduce on-farm food waste;

“(I) to respond to changing technology needs in direct producer-to-consumer marketing; or

“(J) to cover expenses relating to costs incurred in—

“(i) obtaining food safety certification; and

“(ii) making changes and upgrades to practices and equipment to improve food safety.

“(3) CRITERIA AND GUIDELINES.—

“(A) IN GENERAL.—The Secretary shall establish criteria and guidelines for the submission, evaluation, and funding of proposed projects under paragraph (1) as the Secretary determines are appropriate.

“(B) PRODUCER OR FOOD BUSINESS BENEFITS.—

“(i) IN GENERAL.—Except as provided in clause (ii), an application submitted for a grant under paragraph (1) shall include a description of the direct or indirect producer or food business benefits intended by the applicant to result from the proposed project within a reasonable period of time after the receipt of the grant.

“(ii) EXCEPTION.—Clause (i) shall not apply to a planning or feasibility project.

“(4) AMOUNT.—Unless otherwise determined by the Secretary, the amount of a grant under this subsection shall be not more than \$500,000.

“(5) VALUE-ADDED PRODUCER GRANTS.—In the case of a grant provided under paragraph (1) to an eligible entity described in subparagraph (B), the following shall apply:

“(A) ADMINISTRATION.—The Secretary shall carry out this subsection through the Administrator of the Rural Business-Cooperative Service, in coordination with the Administrator of the Agricultural Marketing Service.

“(B) ELIGIBLE ENTITIES.—An entity shall be eligible for a grant under this paragraph if the entity is—

“(i) an independent producer (as determined by the Secretary) of a value-added agricultural product; or

“(ii) an agricultural producer group, farmer or rancher cooperative, or majority-controlled producer-based business venture (as determined by the Secretary).

“(C) PRIORITIES.—The Secretary shall give priority to applications—

“(i) in the case of an application submitted by a producer, that are submitted by, or serve—

“(I) beginning farmers or ranchers;

“(II) socially disadvantaged farmers or ranchers;

“(III) operators of small or medium sized farms or ranches that are structured as family farms; or

“(IV) veteran farmers or ranchers; and

“(ii) in the case of an application submitted by an eligible entity described in subparagraph (B)(ii), that provide the greatest contribution to creating or increasing marketing opportunities for producers described in subclauses (I) through (IV) of clause (i).

“(D) LIMITATION ON USE OF FUNDS.—

“(i) IN GENERAL.—Except as provided in clause (ii), an eligible entity described in subparagraph (B) may not use a grant for the purchase or construction of a building, general purpose equipment, or structure.

“(ii) EXCEPTION.—An eligible entity described in subparagraph (B) may use not more than \$6,500 of the amount of a grant for an eligible activity described in paragraph (2)(J) to purchase or upgrade equipment to improve food safety.

“(E) MATCHING FUNDS.—An eligible entity described in subparagraph (B) receiving a grant shall contribute an amount of non-Federal funds that is at least equal to the amount of Federal funds received.

“(6) FARMERS’ MARKETS AND LOCAL FOOD PROMOTION PROGRAM.—In the case of a grant provided under paragraph (1) to an eligible entity described in subparagraph (B), the following shall apply:

“(A) ADMINISTRATION.—The Secretary shall carry out this subsection through the Administrator of the Agricultural Marketing Service, in coordination with the Administrator of the Rural Business-Cooperative Service.

“(B) ELIGIBLE ENTITIES.—An entity shall be eligible to receive a grant under this paragraph if the entity is—

“(i) an agricultural cooperative or other agricultural business entity or a producer network or association, including a community-supported agriculture network or association;

“(ii) a local or Tribal government;

“(iii) a nonprofit corporation;

“(iv) a public benefit corporation;

“(v) an economic development corporation;

“(vi) a regional farmers’ market authority;

“(vii) a food council; or

“(viii) such other entity as the Secretary may designate.

“(C) PRIORITIES.—The Secretary shall give priority to applications that—

“(i) benefit underserved communities, including communities that are located in areas of concentrated poverty with limited access to fresh locally or regionally grown food; or

“(ii) are used to carry out eligible activities under a partnership agreement under subsection (e) and have not received benefits from the Program in the recent past.

“(D) LIMITATION ON USE OF FUNDS.—

“(i) IN GENERAL.—Except as provided in clause (ii), an eligible entity described in subparagraph (B) may not use a grant for the purchase or construction of a building, general purpose equipment, or structure.

“(ii) EXCEPTION.—An eligible entity described in subparagraph (B) may use not more than \$6,500 of the amount of a grant for an eligible activity described in paragraph (2)(J) to purchase or upgrade equipment to improve food safety.

“(E) MATCHING FUNDS.—An eligible entity described in subparagraph (B) receiving a grant shall provide matching funds in the form of cash or an in-kind contribution in an amount that is equal to 25 percent of the total amount of the Federal portion of the grant.

“(e) PARTNERSHIPS.—

“(1) DEFINITIONS.—In this subsection:

“(A) ELIGIBLE ENTITY.—The term ‘eligible entity’ means—

“(i) a producer;

“(ii) a producer network or association;

“(iii) a farmer or rancher cooperative;

“(iv) a majority-controlled producer-based business venture;

“(v) a food council;

“(vi) a local or Tribal government;

“(vii) a nonprofit corporation;

“(viii) an economic development corporation;

“(ix) a public benefit corporation;

“(x) a community-supported agriculture network or association; and

“(xi) a regional farmers’ market authority.

“(B) ELIGIBLE PARTNER.—The term ‘eligible partner’ means—

“(i) a State agency or regional authority;

“(ii) a philanthropic organization;

“(iii) a private corporation;

“(iv) an institution of higher education;

“(v) a commercial, Federal, or Farm Credit System lending institution; and

“(vi) another entity, as determined by the Secretary.

“(2) GRANTS TO SUPPORT PARTNERSHIPS.—

“(A) IN GENERAL.—The Secretary, acting through the Administrator of the Agricultural Marketing Service, in accordance with the purposes of the Program described in subsection (b), shall, using funds made available under subsection (i), provide grants for each of fiscal years 2019 through 2023 to support partnerships to plan and develop a local or regional food system.

“(B) GEOGRAPHICAL DIVERSITY.—To the maximum extent practicable, the Secretary shall ensure geographical diversity in selecting partnerships to receive grants under subparagraph (A).

“(3) AUTHORITIES OF PARTNERSHIPS.—A partnership receiving a grant under paragraph (2) may—

“(A) determine the scope of the regional food system to be developed, including goals, outreach objectives, and eligible activities to be carried out;

“(B) determine the local, regional, State, multi-State, or other geographic area covered;

“(C) create and conduct a feasibility study, implementation plan, and assessment of eligible activities under the partnership agreement;

“(D) conduct outreach and education to other eligible entities and eligible partners for potential participation in the partnership agreement and eligible activities;

“(E) describe measures to be taken through the partnership agreement to obtain funding for the eligible activities to be carried out under the partnership agreement;

“(F) at the request of a producer or eligible entity desiring to participate in eligible activities under the partnership agreement, act on behalf of the producer or eligible entity in applying for a grant under subsection (d);

“(G) monitor, evaluate, and periodically report to the Secretary on progress made toward achieving the objectives of eligible activities under the partnership agreement; or

“(H) at the conclusion of the partnership agreement, submit to the Secretary a report describing—

“(i) the results and effects of the partnership agreement; and

“(ii) funds provided under paragraph (4).

“(4) CONTRIBUTION.—A partnership receiving a grant under paragraph (2) shall provide funding in an amount equal to not less than 25 percent of the total amount of the Federal portion of the grant.

“(5) APPLICATIONS.—

“(A) IN GENERAL.—To be eligible to receive a grant under paragraph (2), a partnership shall submit to the

Secretary an application at such time, in such manner, and containing such information as the Secretary considers necessary to evaluate and select applications.

“(B) COMPETITIVE PROCESS.—The Secretary—

“(i) shall conduct a competitive process to select applications submitted under subparagraph (A);

“(ii) may assess and rank applications with similar purposes as a group; and

“(iii) shall make public the criteria to be used in evaluating applications prior to accepting applications.

“(C) PRIORITY TO CERTAIN APPLICATIONS.—The Secretary may give priority to applications submitted under subparagraph (A) that—

“(i)(I) leverage significant non-Federal financial and technical resources; and

“(II) coordinate with other local, State, Tribal, or national efforts;

“(ii) cover an area that includes distressed low-income rural or urban communities, including areas with persistent poverty; or

“(iii) have multiple entities and partners in a partnership.

“(D) PRODUCER OR FOOD BUSINESS BENEFITS.—

“(i) IN GENERAL.—Except as provided in clause (ii), an application submitted under subparagraph (A) shall include a description of the direct or indirect producer or food business benefits intended by the eligible entity to result from the proposed project within a reasonable period of time after the receipt of a grant.

“(ii) EXCEPTION.—Clause (i) shall not apply to a planning or feasibility project.

“(6) TECHNICAL ASSISTANCE.—On request of an eligible entity, an eligible partner, or a partnership, the Secretary may provide technical assistance in carrying out a partnership agreement.

“(f) SIMPLIFICATION OF APPLICATION AND REPORTING PROCESSES.—

“(1) APPLICATIONS.—The Secretary shall establish a simplified application form for eligible entities that—

“(A) request less than \$50,000 under subsection (d);

or

“(B) apply for grants under subsection (d) under a single application through partnership agreements under subsection (e).

“(2) REPORTING.—The Secretary shall—

“(A) streamline and simplify the reporting process for eligible entities; and

“(B) obtain from eligible entities and maintain such information as the Secretary determines is necessary to administer and evaluate the Program.

“(g) INTERDEPARTMENTAL COORDINATION.—In carrying out the Program, to the maximum extent practicable, the Secretary shall ensure coordination among Federal agencies.

“(h) EVALUATION.—

“(1) IN GENERAL.—Using amounts made available under subsection (i)(3)(E), the Secretary shall conduct an evaluation of the Program that—

“(A) measures the economic impact of the Program on new and existing market outcomes;

“(B) measures the effectiveness of the Program in improving and expanding—

“(i) the regional food economy through public and private partnerships;

“(ii) the production of value-added agricultural products;

“(iii) producer-to-consumer marketing, including direct producer-to-consumer marketing;

“(iv) local and regional food systems, including regional food chain coordination and business development;

“(v) new business opportunities and marketing strategies to reduce on-farm food waste;

“(vi) the use of new technologies in producer-to-consumer marketing, including direct producer-to-consumer marketing; and

“(vii) the workforce and capacity of regional food systems; and

“(C) provides a description of—

“(i) each partnership agreement; and

“(ii) each grant provided under subsection (d).

“(2) REPORT.—Not later than 4 years after the date of enactment of this section, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the evaluation conducted under paragraph (1), including a thorough analysis of the outcomes of the evaluation.

“(i) FUNDING.—

“(1) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section \$50,000,000 for fiscal year 2019 and each fiscal year thereafter, to remain available until expended.

“(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$20,000,000 for fiscal year 2019 and each fiscal year thereafter, to remain available until expended.

“(3) ALLOCATION OF FUNDS.—

“(A) VALUE-ADDED PRODUCER GRANTS.—

“(i) IN GENERAL.—Subject to clause (ii), of the funds made available to carry out this section for a fiscal year, 35 percent shall be used for grants under subsection (d)(5).

“(ii) RESERVATION OF FUNDS.—

“(I) MAJORITY-CONTROLLED PRODUCER-BASED BUSINESS VENTURES.—The total amount of grants under subsection (d)(5) provided to majority-controlled producer-based business ventures for a fiscal year shall not exceed 10 percent of the amount allocated under clause (i).

“(II) BEGINNING, VETERAN, AND SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.—Of the

funds made available for grants under subsection (d)(5), 10 percent shall be reserved for grants provided to beginning, veteran, and socially disadvantaged farmers or ranchers.

“(III) MID-TIER VALUE CHAINS.—Of the funds made available for grants under subsection (d)(5), 10 percent shall be reserved for grants to develop mid-tier value chains.

“(IV) FOOD SAFETY ASSISTANCE.—Of the funds made available for grants under subsection (d)(5), not more than 25 percent shall be reserved for grants for eligible activities described in subsection (d)(2)(J).

“(B) FARMERS’ MARKET AND LOCAL FOOD PROMOTION GRANTS.—Of the funds made available to carry out this section for a fiscal year, 47 percent shall be used for grants under subsection (d)(6).

“(C) REGIONAL PARTNERSHIPS.—Of the funds made available to carry out this section for a fiscal year, 10 percent shall be used to provide grants to support partnerships under subsection (e).

“(D) UNOBLIGATED FUNDS.—Any funds under subparagraph (A), (B), or (C) that are not obligated for the uses described in that subparagraph, as applicable, by September 30 of the fiscal year for which the funds were made available—

“(i) shall be available to the agency carrying out the Program with the unobligated funds to carry out any function of the Program, as determined by the Secretary; and

“(ii) may carry over to the next fiscal year.

“(E) ADMINISTRATIVE EXPENSES.—Not greater than 8 percent of amounts made available to provide grants under subsections (d) and (e) for a fiscal year may be used for administrative expenses.”.

(c) CONFORMING AMENDMENTS.—

(1) AGRICULTURAL MARKETING RESOURCE CENTER PILOT PROJECT.—Section 231 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1632a) is amended—

(A) by striking the section heading and inserting “agricultural marketing resource center pilot project.”;

(B) by striking subsections (a), (b), (d), and (e);

(C) in subsection (c)—

(i) by redesignating paragraphs (1) and (2) as subsections (a) and (b), respectively, and indenting appropriately; and

(ii) by striking the subsection designation and heading;

(D) in subsection (a) (as so redesignated)—

(i) in the matter preceding subparagraph (A), by striking “Notwithstanding” and all that follows through “paragraph (2)” and inserting the following: “The Secretary shall not use more than 2.5 percent of the funds made available to carry out the Local Agriculture Market Program established under section 210A of the Agricultural Marketing Act of 1946 to establish

a pilot project (to be known as the ‘Agricultural Marketing Resource Center’) at an eligible institution described in subsection (b)’; and

(ii) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and indenting appropriately; and

(E) in subsection (b) (as so redesignated)—

(i) by redesignating subparagraphs (A) through (C) as paragraphs (1) through (3), respectively, and indenting appropriately; and

(ii) in paragraph (1) (as so redesignated), by striking “paragraph (1)(A)” and inserting “subsection (a)(1)”.

(2) **AGRICULTURE INNOVATION CENTER DEMONSTRATION PROGRAM.**—Section 6402(f) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1632b(f)) is amended in the matter preceding paragraph (1) by striking “section 231(d) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224)” and inserting “section 210A(d)(2) of the Agricultural Marketing Act of 1946”.

(3) **LOCAL FOOD PRODUCTION AND PROGRAM EVALUATION.**—Section 10016(b)(3)(B) of the Agricultural Act of 2014 (7 U.S.C. 2204h(b)(2)(B)) is amended by striking “Farmers’ Market and Local Food Promotion Program established under section 6 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3005)” and inserting “Local Agriculture Market Program established under section 210A of the Agricultural Marketing Act of 1946”.

(4) **PROGRAM METRICS.**—Section 6209(a) of the Agricultural Act of 2014 (7 U.S.C. 2207b(a)) is amended by striking paragraph (1) and inserting the following:

“(1) section 210A of the Agricultural Marketing Act of 1946;”.

(5) **FARMER-TO-CONSUMER DIRECT MARKETING ACT OF 1976.**—

(A) Section 4 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3003) is amended—

(i) by striking “The Secretary” and inserting the following:

“(a) **IN GENERAL.**—The Secretary”; and

(ii) by adding at the end the following:

“(b) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as are necessary to carry out this section.”.

(B) Sections 6, 7, and 8 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3005, 3006; 90 Stat. 1983) are repealed.

SEC. 10103. ORGANIC PRODUCTION AND MARKET DATA INITIATIVES.

Section 7407(d) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5925c(d)) is amended—

(1) in paragraph (1)—

(A) in the paragraph heading, by striking “THROUGH FISCAL YEAR 2012”; and

(B) by striking “\$5,000,000, to remain available until expended.” and inserting the following: “, to remain available until expended—

“(A) \$5,000,000 for each of the periods of fiscal years 2008 through 2012 and 2014 through 2018; and

“(B) \$5,000,000 for the period of fiscal years 2019 through 2023.”;

(2) by striking paragraph (2);

(3) by redesignating paragraph (3) as paragraph (2); and

(4) in paragraph (2) (as so redesignated)—

(A) by striking “paragraphs (1) and (2)” and inserting “paragraph (1)”; and

(B) by striking “2018” and inserting “2023”.

SEC. 10104. ORGANIC CERTIFICATION.

7 USC 6503 note.

(a) **EXCLUSIONS FROM CERTIFICATION.**—Not later than 1 year after the date of enactment of this Act, the Secretary shall issue regulations to limit the type of organic operations that are excluded from certification under section 205.101 of title 7, Code of Federal Regulations, and from certification under any other related sections under part 205 of title 7, Code of Federal Regulations.

(b) **DEFINITIONS.**—Section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502) is amended—

(1) in paragraph (3)—

(A) by striking “The term” and inserting the following:

“(A) **IN GENERAL.**—The term”; and

(B) by adding at the end the following:

“(B) **FOREIGN OPERATIONS.**—When used in the context of a certifying agent operating in a foreign country, the term ‘certifying agent’ includes any person (including a private entity)—

“(i) accredited in accordance with section 2115(d);

or

“(ii) accredited by a foreign government that acted under an equivalency agreement negotiated between the United States and the foreign government from which the agricultural product is imported.”;

(2) by redesignating paragraphs (13) through (21) as paragraphs (14) through (22), respectively; and

(3) by inserting after paragraph (12) the following:

“(13) **NATIONAL ORGANIC PROGRAM IMPORT CERTIFICATE.**—

The term ‘national organic program import certificate’ means a form developed for purposes of the program under this title—

“(A) to provide documentation sufficient to verify that an agricultural product imported for sale in the United States satisfies the requirement under section 2115(c);

“(B) which shall include, at a minimum, information sufficient to indicate, with respect to the agricultural product—

“(i) the origin;

“(ii) the destination;

“(iii) the certifying agent issuing the national organic program import certificate;

“(iv) the harmonized tariff code, if a harmonized tariff code exists for the agricultural product;

“(v) the total weight; and

“(vi) the organic standard to which the agricultural product is certified; and

“(C) that is not more than otherwise required under an equivalency agreement negotiated between the United States and the foreign government.”.

(c) ACCREDITATION PROGRAM.—Section 2115 of the Organic Foods Production Act of 1990 (7 U.S.C. 6514) is amended by striking subsection (c) and inserting the following:

“(c) ADDITIONAL DOCUMENTATION AND VERIFICATION.—The Secretary, acting through the Deputy Administrator of the national organic program established under this title, has the authority, and shall grant a certifying agent the authority, to require producers and handlers to provide additional documentation or verification before granting a certification under section 2104, in the case of a compliance risk with respect to meeting the national standards for organic production established under section 2105, as determined by the Secretary or the certifying agent.

“(d) ACCREDITATION OF FOREIGN ORGANIC CERTIFICATION PROGRAM.—

“(1) IN GENERAL.—For an agricultural product being imported into the United States to be represented as organically produced, the Secretary shall require the agricultural product to be accompanied by a complete and valid national organic import certificate, which shall be available as an electronic record.

“(2) TRACKING SYSTEM.—

“(A) IN GENERAL.—The Secretary shall establish a system to track national organic import certificates.

“(B) INTEGRATION.—In establishing the system under subparagraph (A), the Secretary may integrate the system into any existing information tracking systems for imports of agricultural products.

“(e) DURATION OF ACCREDITATION.—An accreditation made under this section—

“(1) subject to paragraph (2), shall be for a period of not more than 5 years, as determined appropriate by the Secretary;

“(2) in the case of a certifying agent operating in a foreign country, shall be for a period of time that is consistent with the certification of a domestic certifying agent, as determined appropriate by the Secretary; and

“(3) may be renewed.”.

(d) REQUIREMENTS OF CERTIFYING AGENTS.—Section 2116 of the Organic Foods Production Act of 1990 (7 U.S.C. 6515) is amended—

(1) in subsection (i)—

(A) in paragraph (1), by inserting “or an entity acting as an agent of the certifying agent” after “a certifying agent”;

(B) by redesignating paragraph (2) as paragraph (3); and

(C) by inserting after paragraph (1) the following:

“(2) OVERSIGHT OF CERTIFYING OFFICES AND FOREIGN OPERATIONS.—

“(A) IN GENERAL.—If the Secretary determines that an office of a certifying agent or entity described in paragraph (1) is not complying with the provisions of this title, the Secretary may suspend the operations of the certifying agent or the noncompliant office, including—

“(i) an office operating in a foreign country; and

“(ii) an office operating in the United States, including an office acting on behalf of a foreign-domiciled entity.

“(B) PROCESS FOR RESUMING OPERATIONS FOLLOWING SUSPENSION.—The Secretary shall provide for a process that is otherwise consistent with this section that authorizes a suspended office to resume operations.”; and

(2) by adding at the end the following:

“(j) NOTICE.—Not later than 90 days after the date on which a new certifying office performing certification activities opens, an accredited certifying agent shall notify the Secretary of the opening.”.

(e) CERTAIN EMPLOYEES ELIGIBLE TO SERVE AS NATIONAL ORGANIC STANDARDS BOARD MEMBERS.—Section 2119(b) of the Organic Foods Production Act of 1990 (7 U.S.C. 6518(b)) is amended—

(1) in paragraph (1), by inserting “, or employees of such individuals” after “operation”;

(2) in paragraph (2), by inserting “, or employees of such individuals” after “operation”; and

(3) in paragraph (3), by inserting “, or an employee of such individual” after “products”.

(f) NATIONAL ORGANIC STANDARDS BOARD.—Section 2119(i) of the Organic Foods Production Act of 1990 (7 U.S.C. 6518(i)) is amended—

(1) by striking “Two-thirds” and inserting the following:

“(1) IN GENERAL.— $\frac{2}{3}$ ”; and

(2) by adding at the end the following:

“(2) NATIONAL LIST.—Any vote on a motion proposing to amend the national list shall be considered to be a decisive vote that requires $\frac{2}{3}$ of the votes cast at a meeting of the Board at which a quorum is present to prevail.”.

(g) INVESTIGATIONS.—Section 2120(b) of the Organic Foods Production Act (7 U.S.C. 6519(b)) is amended by adding at the end the following:

“(3) INFORMATION SHARING DURING ACTIVE INVESTIGATION.—In carrying out this title, all parties to an active investigation (including certifying agents, State organic certification programs, and the national organic program) shall share confidential business information with Federal Government officers and employees involved in the investigation as necessary to fully investigate and enforce potential violations of this title.”.

(h) DATA ORGANIZATION AND ACCESS.—Section 2122 of the Organic Foods Production Act of 1990 (7 U.S.C. 6521) is amended by adding at the end the following:

“(c) ACCESS TO DATA DOCUMENTATION SYSTEMS.—The Secretary shall have access to available data from cross-border documentation systems administered by other Federal agencies, including the Automated Commercial Environment system of U.S. Customs and Border Protection.

“(d) REPORTS.—

“(1) IN GENERAL.—Not later than March 1, 2020, and annually thereafter through March 1, 2023, the Secretary shall submit to Congress, and make publicly available on the website of the Department of Agriculture, a report describing national organic program activities with respect to all domestic and

overseas investigations and compliance actions taken pursuant to this title during the preceding year.

“(2) REQUIREMENTS.—The data described in paragraph (1) shall be broken down by agricultural product, quantity, value, and month.

“(3) EXCEPTION.—Any data determined by the Secretary to be confidential business information shall not be provided in the report under paragraph (1).”.

(i) ORGANIC AGRICULTURAL PRODUCT IMPORTS INTERAGENCY WORKING GROUP.—The Organic Foods Production Act of 1990 is amended by inserting after section 2122 (7 U.S.C. 6521) the following:

7 USC 6521a.

“SEC. 2122A. ORGANIC AGRICULTURAL PRODUCT IMPORTS INTERAGENCY WORKING GROUP.

“(a) ESTABLISHMENT.—

“(1) IN GENERAL.—The Secretary and the Secretary of Homeland Security shall jointly establish a working group to facilitate coordination and information sharing between the Department of Agriculture and U.S. Customs and Border Protection relating to imports of organically produced agricultural products (referred to in this section as the ‘working group’).

“(2) MEMBERS.—The working group—

“(A) shall include—

“(i) the Secretary (or a designee); and

“(ii) the Secretary of Homeland Security (or a designee); and

“(B) shall not include any non-Federal officer or employee.

“(3) DUTIES.—The working group shall facilitate coordination and information sharing between the Department of Agriculture and U.S. Customs and Border Protection for the purposes of—

“(A) identifying imports of organically produced agricultural products;

“(B) verifying the authenticity of organically produced agricultural product import documentation, such as national organic program import certificates;

“(C) ensuring imported agricultural products represented as organically produced meet the requirements under this title;

“(D) collecting and organizing quantitative data on imports of organically produced agricultural products; and

“(E) requesting feedback from stakeholders on how to improve the oversight of imports of organically produced agricultural products.

“(4) DESIGNATED EMPLOYEES AND OFFICIALS.—An employee or official designated to carry out the duties of the Secretary or the Secretary of Homeland Security on the working group under subparagraph (A) or (B) of paragraph (2) shall be an employee or official compensated at a rate of pay not less than the minimum annual rate of basic pay for GS–12 under section 5332 of title 5, United States Code.

“(b) REPORTS.—On an annual basis, the working group shall submit to Congress and make publicly available on the websites

of the Department of Agriculture and U.S. Customs and Border Protection the following reports:

“(1) ORGANIC TRADE ENFORCEMENT INTERAGENCY COORDINATION REPORT.—A report—

“(A) identifying existing barriers to cooperation between the agencies involved in agricultural product import inspection, trade data collection and organization, and organically produced agricultural product trade enforcement, including—

“(i) U.S. Customs and Border Protection;

“(ii) the Agricultural Marketing Service; and

“(iii) the Animal and Plant Health Inspection Service;

“(B) assessing progress toward integrating organic trade enforcement into import inspection procedures of U.S. Customs and Border Protection and the Animal and Plant Health Inspection Service, including an assessment of—

“(i) the status of the development of systems for—

“(I) tracking the fumigation of imports of organically produced agricultural products into the United States; and

“(II) electronically verifying national organic program import certificate authenticity; and

“(ii) training of U.S. Customs and Border Protection personnel on—

“(I) the use of the systems described in clause (i); and

“(II) requirements and protocols under this title;

“(C) establishing methodology for ensuring imports of agricultural products represented as organically produced meet the requirements under this title;

“(D) recommending steps to improve the documentation and traceability of imported organically produced agricultural products;

“(E) recommending and describing steps for—

“(i) improving compliance with the requirements of this title for all agricultural products imported into the United States and represented as organically produced; and

“(ii) ensuring accurate labeling and marketing of imported agricultural products represented as organically produced by the exporter; and

“(F) describing staffing needs and additional resources at U.S. Customs and Border Protection and the Department of Agriculture needed to ensure compliance.

“(2) REPORT ON ENFORCEMENT ACTIONS TAKEN ON ORGANIC IMPORTS.—A report—

“(A) providing detailed quantitative data (broken down by agricultural product, quantity, value, month, and origin) on imports of agricultural products represented as organically produced found to be fraudulent or lacking any documentation required under this title at the port of entry during the report year;

“(B) providing data on domestic enforcement actions taken on imported agricultural products represented as organically produced, including the number and type of

actions taken by United States officials at ports of entry in response to violations of this title;

“(C) providing data on fumigation of agricultural products represented as organically produced at ports of entry and notifications of fumigation actions to shipment owners, broken down by product variety and country of origin; and

“(D) providing information on enforcement activities under this title involving overseas investigations and compliance actions taken within that year, including—

“(i) the number of investigations by country; and

“(ii) a descriptive summary of compliance actions taken by certifying agents in each country.”.

(j) AUTHORIZATION OF APPROPRIATIONS FOR NATIONAL ORGANIC PROGRAM.—Section 2123 of the Organic Foods Production Act of 1990 (7 U.S.C. 6522) is amended—

(1) by striking the section heading and inserting “FUNDING”;

(2) in subsection (b), by striking paragraphs (1) through (7) and inserting the following:

“(1) \$15,000,000 for fiscal year 2018;

“(2) \$16,500,000 for fiscal year 2019;

“(3) \$18,000,000 for fiscal year 2020;

“(4) \$20,000,000 for fiscal year 2021;

“(5) \$22,000,000 for fiscal year 2022; and

“(6) \$24,000,000 for fiscal year 2023.”; and

(3) by striking subsection (c) and inserting the following:

“(c) MODERNIZATION AND IMPROVEMENT OF INTERNATIONAL TRADE TECHNOLOGY SYSTEMS AND DATA COLLECTION.—

“(1) IN GENERAL.—The Secretary shall establish a new system or modify an existing data collection and organization system to collect and organize in a single system quantitative data on imports of each organically produced agricultural product accepted into the United States.

“(2) ACTIVITIES.—In carrying out paragraph (1), the Secretary shall modernize trade and transaction certificates to ensure full traceability to the port of entry without unduly hindering trade or commerce, such as through an electronic trade document exchange system.

“(3) ACCESS.—The single system established under paragraph (1) shall be accessible by any agency with the direct authority to engage in—

“(A) inspection of imports of agricultural products;

“(B) trade data collection and organization; or

“(C) enforcement of trade requirements for organically produced agricultural products.

“(4) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available \$5,000,000 for fiscal year 2019 for the purposes of—

“(A) carrying out this subsection; and

“(B) maintaining the database and technology upgrades previously carried out under this subsection, as in effect on the day before the date of enactment of the Agriculture Improvement Act of 2018.

“(5) AVAILABILITY.—The amounts made available under paragraph (4) are in addition to any other funds made available

for the purposes described in that paragraph and shall remain available until expended.”

(k) TRADE SAVINGS PROVISION.—The amendments made by subsection (i) shall be carried out in a manner consistent with United States obligations under international agreements.

7 USC 6521a
note.

SEC. 10105. NATIONAL ORGANIC CERTIFICATION COST-SHARE PROGRAM.

(a) ELIMINATION OF DIRECTED DELEGATION.—Section 10606(a) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 6523(a)) is amended by striking “(acting through the Agricultural Marketing Service)”.

(b) FUNDING.—Section 10606 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 6523) is amended by striking subsection (d) and inserting the following:

“(d) MANDATORY FUNDING.—

“(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section—

“(A) \$2,000,000 for each of fiscal years 2019 and 2020;

“(B) \$4,000,000 for fiscal year 2021; and

“(C) \$8,000,000 for each of fiscal years 2022 and 2023.

“(2) AVAILABILITY.—Amounts made available under paragraph (1) shall remain available until expended.”.

SEC. 10106. FOOD SAFETY EDUCATION INITIATIVES.

Section 10105(c) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7655a(c)) is amended by striking “2018” and inserting “2023”.

SEC. 10107. SPECIALTY CROP BLOCK GRANTS.

Section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465) is amended—

(1) in subsection (a)—

(A) by striking “2018” and inserting “2023”; and

(B) by striking “solely to enhance the competitiveness of specialty crops.” and inserting the following: “to enhance the competitiveness of specialty crops, including—

“(1) by leveraging efforts to market and promote specialty crops;

“(2) by assisting producers with research and development relevant to specialty crops;

“(3) by expanding availability and access to specialty crops;

“(4) by addressing local, regional, and national challenges confronting specialty crop producers; and

“(5) for such other purposes determined to be appropriate by the Secretary of Agriculture, in consultation with specialty crop stakeholders and relevant State departments of agriculture.”;

(2) in subsection (j)—

(A) by redesignating paragraphs (1) through (5) as subparagraphs (A) through (E), respectively, and indenting appropriately;

(B) in the matter preceding subparagraph (A) (as so redesignated), by striking “Not later” and inserting the following:

“(1) IN GENERAL.—Not later”; and

(C) by adding at the end the following:

“(2) ADMINISTRATION OF MULTISTATE PROJECTS FROM NON-PARTICIPATING STATES.—The Secretary of Agriculture may directly administer all aspects of multistate projects under this subsection for applicants in a nonparticipating State.”;

(3) in subsection (k), by adding at the end the following:

“(3) EVALUATION.—

“(A) PERFORMANCE MEASURES AND REVIEW.—

“(i) DEVELOPMENT.—The Secretary of Agriculture and the State departments of agriculture, in consultation with specialty crop stakeholders, shall develop performance measures to be used as the sole means of performing any evaluation of the grant program established under this section.

“(ii) REVIEW.—The Secretary of Agriculture, in consultation with the State departments of agriculture, shall periodically evaluate the performance of the grant program established under this section.

“(B) COOPERATIVE AGREEMENTS.—The Secretary of Agriculture may enter into cooperative agreements—

“(i) to develop the performance measures under subparagraph (A)(i); or

“(ii) to evaluate the overall performance of the grant program established under this section.”; and

(4) in subsection (l)(2)(E), by inserting “and each fiscal year thereafter” after “2018”.

SEC. 10108. AMENDMENTS TO THE PLANT VARIETY PROTECTION ACT.

(a) ASEXUALLY REPRODUCED DEFINED.—Section 41(a) of the Plant Variety Protection Act (7 U.S.C. 2401(a)) is amended—

(1) by redesignating paragraphs (1), (2), (3), (4), (5), (6), (7), (8), and (9) as paragraphs (2), (3), (4), (5), (6), (7), (8), (9), and (10), respectively; and

(2) by inserting before paragraph (2), as so redesignated, the following new paragraph:

“(1) ASEXUALLY REPRODUCED.—The term ‘asexually reproduced’ means produced by a method of plant propagation using vegetative material (other than seed) from a single parent, including cuttings, grafting, tissue culture, and propagation by root division.”.

(b) RIGHT TO PLANT VARIETY PROTECTION; PLANT VARIETIES PROTECTABLE.—Section 42(a) of the Plant Variety Protection Act (7 U.S.C. 2402(a)) is amended by striking “or tuber propagated” and inserting “, tuber propagated, or asexually reproduced”.

(c) INFRINGEMENT OF PLANT VARIETY PROTECTION.—Section 111(a)(3) of the Plant Variety Protection Act (7 U.S.C. 2541(a)(3)) is amended by inserting “or asexually” after “sexually”.

(d) FALSE MARKETING; CEASE AND DESIST ORDERS.—Section 128(a) of the Plant Variety Protection Act (7 U.S.C. 2568(a)) is amended, in the matter preceding paragraph (1), by inserting “or asexually” after “sexually”.

SEC. 10109. MULTIPLE CROP AND PESTICIDE USE SURVEY.

(a) IN GENERAL.—The Secretary, acting through the Director of the Office of Pest Management Policy, shall conduct a multiple crop and pesticide use survey of farmers to collect data for risk assessment modeling and mitigation for an active ingredient.

(b) **SUBMISSION.**—The Secretary shall submit to the Administrator of the Environmental Protection Agency and make publicly available the survey described in subsection (a).

(c) **FUNDING.**—

(1) **MANDATORY FUNDING.**—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section \$500,000 for fiscal year 2019, to remain available until expended.

(2) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to carry out this section \$2,500,000, to remain available until expended.

(d) **CONFIDENTIALITY OF INFORMATION.**—Section 1770 of the Food Security Act of 1985 (7 U.S.C. 2276) is amended—

(1) in subsection (a)—

(A) by striking “(a) In the case” and inserting the following:

“(a) **IN GENERAL.**—In the case”; and

(B) in paragraph (3), by striking “subsection (d)(12)” and inserting “paragraph (12) or (13) of subsection (d)”; and

(2) in subsection (d)—

(A) by striking “(d) For purposes” and inserting the following:

“(d) **PROVISIONS OF LAW REFERENCES.**—For purposes”;

(B) in paragraph (11), by striking “or” at the end;

(C) in paragraph (12), by striking the period at the end and inserting “; or”; and

(D) by adding at the end the following:

“(13) section 10109 of the Agriculture Improvement Act of 2018.”.

SEC. 10110. REPORT ON THE ARRIVAL IN THE UNITED STATES OF FOREST PESTS THROUGH RESTRICTIONS ON THE IMPORTATION OF CERTAIN PLANTS FOR PLANTING.

Not later than March 1, 2021, the Secretary shall submit to Congress a report—

(1) evaluating the effectiveness of the Federal Government in intercepting pests in international shipping and on plants for planting;

(2) describing the geographic sources of intercepted pests and the commodities or plant species most often associated with infested shipments;

(3) quantifying the detection of forest pests in the national surveillance networks, including the Cooperative Agricultural Pest Survey and the Early Detection and Rapid Response network of the Forest Service;

(4) describing new outbreaks of forest pests in the United States and the spread of existing infestations;

(5) describing how the numbers of such interceptions, detections, and outbreaks described in a preceding paragraph have changed since January 1, 2018;

(6) containing proposed additional actions to further reduce the rate of arrival for forest pests across the borders of the United States;

(7) identifying current challenges with intercepting, detecting, and addressing outbreaks of tree and wood pests, as well as challenges in achieving compliance with the Plant

Protection Act (7 U.S.C. 7701 et seq.) and recommendations with respect to such challenges; and

(8) describing the coordination and collaboration occurring between the Animal and Plant Health Inspection Service and the Forest Service with respect to—

(A) identifying and prioritizing critical detection, surveillance, and eradication needs for tree and wood pests; and

(B) identifying the actions each agency takes within their respective missions to address identified priorities.

SEC. 10111. REPORT ON PLANT BIOSTIMULANTS.

(a) **REPORT.**—Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit a report to the President and Congress that identifies any potential regulatory, non-regulatory, and legislative recommendations, including the appropriateness of any definitions for plant biostimulant, to ensure the efficient and appropriate review, approval, uniform national labeling, and availability of plant biostimulant products to agricultural producers.

(b) **CONSULTATION.**—The Secretary shall prepare the report required by subsection (a) in consultation with the Administrator of the Environmental Protection Agency, the several States, industry stakeholders, and such other stakeholders as the Secretary determines necessary.

(c) **PLANT BIOSTIMULANT.**—For the purposes of the report under subsection (a), the Secretary—

(1) shall consider “plant biostimulant” to be a substance or micro-organism that, when applied to seeds, plants, or the rhizosphere, stimulates natural processes to enhance or benefit nutrient uptake, nutrient efficiency, tolerance to abiotic stress, or crop quality and yield; and

(2) may modify the description of plant biostimulant, as appropriate.

SEC. 10112. CLARIFICATION OF USE OF FUNDS FOR TECHNICAL ASSISTANCE.

Section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714i) is amended in the last sentence by inserting after “activities” the following: “but excluding any amounts used to provide technical assistance under title X of the Agriculture Improvement Act of 2018 or an amendment made by that title”.

SEC. 10113. HEMP PRODUCTION.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

“Subtitle G—Hemp Production

7 USC 1639o.

“SEC. 297A. DEFINITIONS.

“In this subtitle:

“(1) **HEMP.**—The term ‘hemp’ means the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.

“(2) INDIAN TRIBE.—The term ‘Indian tribe’ has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

“(3) SECRETARY.—The term ‘Secretary’ means the Secretary of Agriculture.

“(4) STATE.—The term ‘State’ means—

“(A) a State;

“(B) the District of Columbia;

“(C) the Commonwealth of Puerto Rico; and

“(D) any other territory or possession of the United States.

“(5) STATE DEPARTMENT OF AGRICULTURE.—The term ‘State department of agriculture’ means the agency, commission, or department of a State government responsible for agriculture in the State.

“(6) TRIBAL GOVERNMENT.—The term ‘Tribal government’ means the governing body of an Indian tribe.

“SEC. 297B. STATE AND TRIBAL PLANS.

7 USC 1639p.

“(a) SUBMISSION.—

“(1) IN GENERAL.—A State or Indian tribe desiring to have primary regulatory authority over the production of hemp in the State or territory of the Indian tribe shall submit to the Secretary, through the State department of agriculture (in consultation with the Governor and chief law enforcement officer of the State) or the Tribal government, as applicable, a plan under which the State or Indian tribe monitors and regulates that production as described in paragraph (2).

“(2) CONTENTS.—A State or Tribal plan referred to in paragraph (1)—

“(A) shall only be required to include—

“(i) a practice 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;

“(ii) a procedure for testing, using post-decarboxylation or other similarly reliable methods, delta-9 tetrahydrocannabinol concentration levels of hemp produced in the State or territory of the Indian tribe;

“(iii) a procedure for the effective disposal of—

“(I) plants, whether growing or not, that are produced in violation of this subtitle; and

“(II) products derived from those plants;

“(iv) a procedure to comply with the enforcement procedures under subsection (e);

“(v) 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 this subtitle;

“(vi) a procedure for submitting the information described in section 297C(d)(2), as applicable, to the Secretary not more than 30 days after the date on which the information is received; and

“(vii) a certification that the State or Indian tribe has the resources and personnel to carry out the practices and procedures described in clauses (i) through (vi); and

“(B) may include any other practice or procedure established by a State or Indian tribe, as applicable, to the extent that the practice or procedure is consistent with this subtitle.

“(3) RELATION TO STATE AND TRIBAL LAW.—

“(A) NO PREEMPTION.—Nothing in this subsection preempts or limits any law of a State or Indian tribe that—

“(i) regulates the production of hemp; and

“(ii) is more stringent than this subtitle.

“(B) REFERENCES IN PLANS.—A State or Tribal plan referred to in paragraph (1) may include a reference to a law of the State or Indian tribe regulating the production of hemp, to the extent that law is consistent with this subtitle.

“(b) APPROVAL.—

“(1) IN GENERAL.—Not later than 60 days after receipt of a State or Tribal plan under subsection (a), the Secretary shall—

“(A) approve the State or Tribal plan if the State or Tribal plan complies with subsection (a); or

“(B) disapprove the State or Tribal plan only if the State or Tribal plan does not comply with subsection (a).

“(2) AMENDED PLANS.—If the Secretary disapproves a State or Tribal plan under paragraph (1)(B), the State, through the State department of agriculture (in consultation with the Governor and chief law enforcement officer of the State) or the Tribal government, as applicable, may submit to the Secretary an amended State or Tribal plan that complies with subsection (a).

“(3) CONSULTATION.—The Secretary shall consult with the Attorney General in carrying out this subsection.

“(c) AUDIT OF STATE COMPLIANCE.—

“(1) IN GENERAL.—The Secretary may conduct an audit of the compliance of a State or Indian tribe with a State or Tribal plan approved under subsection (b).

“(2) NONCOMPLIANCE.—If the Secretary determines under an audit conducted under paragraph (1) that a State or Indian tribe is not materially in compliance with a State or Tribal plan—

“(A) the Secretary shall collaborate with the State or Indian tribe to develop a corrective action plan in the case of a first instance of noncompliance; and

“(B) the Secretary may revoke approval of the State or Tribal plan in the case of a second or subsequent instance of noncompliance.

“(d) TECHNICAL ASSISTANCE.—The Secretary may provide technical assistance to a State or Indian tribe in the development of a State or Tribal plan under subsection (a).

“(e) VIOLATIONS.—

“(1) IN GENERAL.—A violation of a State or Tribal plan approved under subsection (b) shall be subject to enforcement solely in accordance with this subsection.

“(2) NEGLIGENT VIOLATION.—

“(A) IN GENERAL.—A hemp producer in a State or the territory of an Indian tribe for which a State or Tribal plan is approved under subsection (b) shall be subject to subparagraph (B) of this paragraph if the State department of agriculture or Tribal government, as applicable, determines that the hemp producer has negligently violated the State or Tribal plan, including by negligently—

“(i) failing to provide a legal description of land on which the producer produces hemp;

“(ii) failing to obtain a license or other required authorization from the State department of agriculture or Tribal government, as applicable; or

“(iii) producing *Cannabis sativa* L. with a delta-9 tetrahydrocannabinol concentration of more than 0.3 percent on a dry weight basis.

“(B) CORRECTIVE ACTION PLAN.—A hemp producer described in subparagraph (A) shall comply with a plan established by the State department of agriculture or Tribal government, as applicable, to correct the negligent violation, including—

“(i) a reasonable date by which the hemp producer shall correct the negligent violation; and

“(ii) a requirement that the hemp producer shall periodically report to the State department of agriculture or Tribal government, as applicable, on the compliance of the hemp producer with the State or Tribal plan for a period of not less than the next 2 calendar years.

“(C) RESULT OF NEGLIGENT VIOLATION.—A hemp producer that negligently violates a State or Tribal plan under subparagraph (A) shall not as a result of that violation be subject to any criminal enforcement action by the Federal Government or any State government, Tribal government, or local government.

“(D) REPEAT VIOLATIONS.—A hemp producer that negligently violates a State or Tribal plan under subparagraph (A) 3 times in a 5-year period shall be ineligible to produce hemp for a period of 5 years beginning on the date of the third violation.

“(3) OTHER VIOLATIONS.—

“(A) IN GENERAL.—If the State department of agriculture or Tribal government in a State or the territory of an Indian tribe for which a State or Tribal plan is approved under subsection (b), as applicable, determines that a hemp producer in the State or territory has violated the State or Tribal plan with a culpable mental state greater than negligence—

“(i) the State department of agriculture or Tribal government, as applicable, shall immediately report the hemp producer to—

“(I) the Attorney General; and

“(II) the chief law enforcement officer of the State or Indian tribe, as applicable; and

“(ii) paragraph (1) of this subsection shall not apply to the violation.

“(B) FELONY.—

“(i) IN GENERAL.—Except as provided in clause (ii), any person convicted of a felony relating to a controlled substance under State or Federal law before, on, or after the date of enactment of this subtitle shall be ineligible, during the 10-year period following the date of the conviction—

“(I) to participate in the program established under this section or section 297C; and

“(II) to produce hemp under any regulations or guidelines issued under section 297D(a).

“(ii) EXCEPTION.—Clause (i) shall not apply to any person growing hemp lawfully with a license, registration, or authorization under a pilot program authorized by section 7606 of the Agricultural Act of 2014 (7 U.S.C. 5940) before the date of enactment of this subtitle.

“(C) FALSE STATEMENT.—Any person who materially falsifies any information contained in an application to participate in the program established under this section shall be ineligible to participate in that program.

“(f) EFFECT.—Nothing in this section prohibits the production of hemp in a State or the territory of an Indian tribe—

“(1) for which a State or Tribal plan is not approved under this section, if the production of hemp is in accordance with section 297C or other Federal laws (including regulations); and

“(2) if the production of hemp is not otherwise prohibited by the State or Indian tribe.

7 USC 1639q.

“SEC. 297C. DEPARTMENT OF AGRICULTURE.

“(a) DEPARTMENT OF AGRICULTURE PLAN.—

“(1) IN GENERAL.—In the case of a State or Indian tribe for which a State or Tribal plan is not approved under section 297B, the production of hemp in that State or the territory of that Indian tribe shall be subject to a plan established by the Secretary to monitor and regulate that production in accordance with paragraph (2).

“(2) CONTENT.—A plan established by the Secretary under paragraph (1) shall include—

“(A) a practice 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;

“(B) a procedure for testing, using post-decarboxylation or other similarly reliable methods, delta-9 tetrahydrocannabinol concentration levels of hemp produced in the State or territory of the Indian tribe;

“(C) a procedure for the effective disposal of—

“(i) plants, whether growing or not, that are produced in violation of this subtitle; and

“(ii) products derived from those plants;

“(D) a procedure to comply with the enforcement procedures under subsection (c)(2);

“(E) 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 this subtitle; and

“(F) such other practices or procedures as the Secretary considers to be appropriate, to the extent that the practice or procedure is consistent with this subtitle.

“(b) LICENSING.—The Secretary shall establish a procedure to issue licenses to hemp producers in accordance with a plan established under subsection (a).

“(c) VIOLATIONS.—

“(1) IN GENERAL.—In the case of a State or Indian tribe for which a State or Tribal plan is not approved under section 297B, it shall be unlawful to produce hemp in that State or the territory of that Indian tribe without a license issued by the Secretary under subsection (b).

“(2) NEGLIGENT AND OTHER VIOLATIONS.—A violation of a plan established under subsection (a) shall be subject to enforcement in accordance with paragraphs (2) and (3) of section 297B(e), except that the Secretary shall carry out that enforcement instead of a State department of agriculture or Tribal government.

“(3) REPORTING TO ATTORNEY GENERAL.—In the case of a State or Indian tribe covered by paragraph (1), the Secretary shall report the production of hemp without a license issued by the Secretary under subsection (b) to the Attorney General.

“(d) INFORMATION SHARING FOR LAW ENFORCEMENT.—

“(1) IN GENERAL.—The Secretary shall—

“(A) collect the information described in paragraph (2);

and

“(B) make the information collected under subparagraph (A) accessible in real time to Federal, State, territorial, and local law enforcement.

“(2) CONTENT.—The information collected by the Secretary under paragraph (1) shall include—

“(A) contact information for each hemp producer in a State or the territory of an Indian tribe for which—

“(i) a State or Tribal plan is approved under section 297B(b); or

“(ii) a plan is established by the Secretary under this section;

“(B) a legal description of the land on which hemp is grown by each hemp producer described in subparagraph (A); and

“(C) for each hemp producer described in subparagraph (A)—

“(i) the status of—

“(I) a license or other required authorization from the State department of agriculture or Tribal government, as applicable; or

“(II) a license from the Secretary; and

“(ii) any changes to the status.

“SEC. 297D. REGULATIONS AND GUIDELINES; EFFECT ON OTHER LAW. 7 USC 1639r.

“(a) PROMULGATION OF REGULATIONS AND GUIDELINES; REPORT.—

“(1) REGULATIONS AND GUIDELINES.—

“(A) IN GENERAL.—The Secretary shall promulgate regulations and guidelines to implement this subtitle as expeditiously as practicable.

“(B) CONSULTATION WITH ATTORNEY GENERAL.—The Secretary shall consult with the Attorney General on the promulgation of regulations and guidelines under subparagraph (A).

“(2) REPORT.—The Secretary shall annually submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing updates on the implementation of this subtitle.

“(b) AUTHORITY.—Subject to subsection (c)(3)(B), the Secretary shall have sole authority to promulgate Federal regulations and guidelines that relate to the production of hemp, including Federal regulations and guidelines that relate to the implementation of sections 297B and 297C.

“(c) EFFECT ON OTHER LAW.—Nothing in this subtitle shall affect or modify—

“(1) the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.);

“(2) section 351 of the Public Health Service Act (42 U.S.C. 262); or

“(3) the authority of the Commissioner of Food and Drugs and the Secretary of Health and Human Services—

“(A) under—

“(i) the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.); or

“(ii) section 351 of the Public Health Service Act (42 U.S.C. 262); or

“(B) to promulgate Federal regulations and guidelines that relate to the production of hemp under the Act described in subparagraph (A)(i) or the section described in subparagraph (A)(ii).

7 USC 1639s.

“SEC. 297E. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated such sums as are necessary to carry out this subtitle.”.

7 USC 1639o
note.

SEC. 10114. INTERSTATE COMMERCE.

(a) RULE OF CONSTRUCTION.—Nothing in this title or an amendment made by this title prohibits the interstate commerce of hemp (as defined in section 297A of the Agricultural Marketing Act of 1946 (as added by section 10113)) or hemp products.

(b) TRANSPORTATION OF HEMP AND HEMP PRODUCTS.—No State or Indian Tribe shall prohibit the transportation or shipment of hemp or hemp products produced in accordance with subtitle G of the Agricultural Marketing Act of 1946 (as added by section 10113) through the State or the territory of the Indian Tribe, as applicable.

SEC. 10115. FIFRA INTERAGENCY WORKING GROUP.

Section 3(c) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 13a(c)) is amended by adding at the end the following:

“(11) INTERAGENCY WORKING GROUP.—

“(A) DEFINITION OF COVERED AGENCY.—In this paragraph, the term ‘covered agency’ means any of the following:

“(i) The Department of Agriculture.

“(ii) The Department of Commerce.

“(iii) The Department of the Interior.

“(iv) The Council on Environmental Quality.

“(v) The Environmental Protection Agency.

“(B) ESTABLISHMENT.—The Administrator shall establish an interagency working group, to be comprised of representatives from each covered agency, to provide recommendations regarding, and to implement a strategy for improving, the consultation process required under section 7 of the Endangered Species Act of 1973 (16 U.S.C. 1536) for pesticide registration and registration review.

“(C) DUTIES.—The interagency working group established under subparagraph (B) shall—

“(i) analyze relevant Federal law (including regulations) and case law for purposes of providing an outline of the legal and regulatory framework for the consultation process referred to in that subparagraph, including—

“(I) requirements under this Act and the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.);

“(II) Federal case law regarding the intersection of this Act and the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.); and

“(III) Federal regulations relating to the pesticide consultation process;

“(ii) provide advice regarding methods of—

“(I) defining the scope of actions of the covered agencies that are subject to the consultation requirement referred to in subparagraph (B); and

“(II) properly identifying and classifying effects of actions of the covered agencies with respect to that consultation requirement;

“(iii) identify the obligations and limitations under Federal law of each covered agency for purposes of providing a legal and regulatory framework for developing the recommendations referred to in subparagraph (B);

“(iv) review practices for the consultation referred to in subparagraph (B) to identify problem areas, areas for improvement, and best practices for conducting that consultation among the covered agencies;

“(v) develop scientific and policy approaches to increase the accuracy and timeliness of the process for that consultation, in accordance with requirements of this Act and the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.), including—

“(I) processes to efficiently share data and coordinate analyses among the Department of Agriculture, the Department of Commerce, the Department of the Interior, and the Environmental Protection Agency;

“(II) a streamlined process for identifying which actions require no consultation, informal consultation, or formal consultation;

“(III) an approach that will provide clarity with respect to what constitutes the best scientific

and commercial data available in the fields of pesticide use and ecological risk assessment, pursuant to section 7(a)(2) of the Endangered Species Act of 1973 (16 U.S.C. 1536(a)(2)); and

“(IV) approaches that enable the Environmental Protection Agency to better assist the Department of the Interior and the Department of Commerce in carrying out obligations under that section in a timely and efficient manner; and

“(vi) propose and implement a strategy to implement approaches to consultations under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) and document that strategy in a memorandum of understanding, revised regulations, or another appropriate format to promote durable cooperation among the covered agencies.

“(D) REPORTS.—

“(i) PROGRESS REPORTS.—

“(I) IN GENERAL.—Not later than 18 months after the date of enactment of this paragraph, the Administrator, in coordination with the head of each other covered agency, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the progress of the working group in developing the recommendations under subparagraph (B).

“(II) REQUIREMENTS.—The report under this clause shall—

“(aa) reflect the perspectives of each covered agency; and

“(bb) identify areas of new consensus and continuing topics of disagreement and debate.

“(ii) RESULTS.—

“(I) IN GENERAL.—Not later than 1 year after the date of enactment of this paragraph, the Administrator, in coordination with the head of each other covered agency, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing—

“(aa) the recommendations developed under subparagraph (B); and

“(bb) plans for implementation of those recommendations.

“(II) REQUIREMENTS.—The report under this clause shall—

“(aa) reflect the perspectives of each covered agency; and

“(bb) identify areas of consensus and continuing topics of disagreement and debate, if any.

“(iii) IMPLEMENTATION.—Not later than 1 year after the date of submission of the report under clause (i), the Administrator, in coordination with the head

of each other covered agency, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing—

“(I) the implementation of the recommendations referred to in that clause;

“(II) the extent to which that implementation improved the consultation process referred to in subparagraph (B); and

“(III) any additional recommendations for improvements to the process described in subparagraph (B).

“(iv) OTHER REPORTS.—Not later than the date that is 180 days after the date of submission of the report under clause (iii), and not less frequently than once every 180 days thereafter during the 5-year period beginning on that date, the Administrator, in coordination with the head of each other covered agency, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing—

“(I) the implementation of the recommendations referred to in that clause;

“(II) the extent to which that implementation improved the consultation process referred to in subparagraph (B); and

“(III) any additional recommendations for improvements to the process described in subparagraph (B).

“(E) CONSULTATION WITH PRIVATE SECTOR.—In carrying out the duties under this paragraph, the working group shall, as appropriate—

“(i) consult with, representatives of interested industry stakeholders and nongovernmental organizations; and

“(ii) take into consideration factors, such as actual and potential differences in interest between, and the views of, those stakeholders and organizations.

“(F) FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the working group established under this paragraph.

“(G) SAVINGS CLAUSE.—Nothing in this paragraph supersedes any provision of—

“(i) this Act; or

“(ii) the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.), including the requirements under section 7 of that Act (16 U.S.C. 1536).”.

SEC. 10116. STUDY ON METHYL BROMIDE USE IN RESPONSE TO AN EMERGENCY EVENT.

(a) DEFINITIONS.—In this section:

(1) EMERGENCY EVENT.—The term “emergency event” means a situation—

(A) that occurs at a location on which a plant or commodity is grown or produced or facility providing for the

storage of, or other services with respect to, a plant or commodity;

(B) for which the lack of availability of methyl bromide for a particular use would result in significant economic loss to the owner, lessee, or operator of the location or facility or the owner, grower, or purchaser of the plant or commodity; and

(C) that, in light of the specific agricultural, meteorological, or other conditions presented, requires the use of methyl bromide to control a pest or disease in the location or facility because there are no technically feasible alternatives to methyl bromide easily accessible by an entity referred to in subparagraph (B) at the time and location of the event that—

(i) are registered under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.) for the intended use or pest to be so controlled; and

(ii) would adequately control the pest or disease presented at the location or facility.

(2) PEST.—The term “pest” has the meaning given the term in section 2 of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136).

(b) STUDY.—

(1) IN GENERAL.—The Secretary, in consultation with the Secretary of State and the Administrator of the Environmental Protection Agency, shall complete a study on the potential use of methyl bromide in response to an emergency event.

(2) REQUIREMENTS.—The study under paragraph (1) shall include—

(A) a risk-benefit analysis of authorizing State, local, or Tribal authorities, in accordance with appropriate requirements and criteria, such as the recommendations developed under subparagraph (E)—

(i) to determine when the use of methyl bromide is required; and

(ii) to authorize such use;

(B) a risk-benefit analysis of authorizing the Secretary, in accordance with appropriate requirements and criteria, such as the recommendations developed under subparagraph (E)—

(i) to determine when the use of methyl bromide is required; and

(ii) to authorize such use;

(C) a historic estimate of situations occurring on or after September 15, 1997, that could have been deemed emergency events;

(D) a detailed assessment of the adherence of the United States to international obligations of the United States with respect to the prevention of ozone depletion; and

(E) an assessment and recommendations on appropriate requirements and criteria to be met to authorize the use of methyl bromide in response to an emergency event (including any recommendations for revising the definition of the term “emergency event” in subsection (a)) in a manner that fully complies with the Montreal Protocol on Substances that Deplete the Ozone Layer, including

Decision IX/7 of the Ninth Meeting of the Conference of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit a report on the study under subsection (b) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Forestry, and Nutrition of the Senate.

TITLE XI—CROP INSURANCE

SEC. 11101. DEFINITIONS.

Section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)) is amended—

(1) by redesignating paragraphs (6), (7), (8), (9), (10), and (11) as paragraphs (7), (8), (10), (11), (12), and (13) respectively;

(2) by inserting after paragraph (5) the following:

“(6) COVER CROP TERMINATION.—The term ‘cover crop termination’ means a practice that historically and under reasonable circumstances results in the termination of the growth of a cover crop.”; and

(3) by inserting after paragraph (8) (as so redesignated) the following:

“(9) HEMP.—The term ‘hemp’ has the meaning given the term in section 297A of the Agricultural Marketing Act of 1946.”.

SEC. 11102. DATA COLLECTION.

Section 506(h)(2) of the Federal Crop Insurance Act (7 U.S.C. 1506(h)(2)) is amended—

(1) by striking “The Corporation” and inserting the following:

“(A) IN GENERAL.—The Corporation”; and

(2) by adding at the end the following:

“(B) NATIONAL AGRICULTURAL STATISTICS SERVICE.—Data collected by the National Agricultural Statistics Service, whether published or unpublished, shall be—

“(i) provided in an aggregate form to the Corporation for the purpose of providing insurance under this subtitle; and

“(ii) kept confidential by the Corporation in the same manner and to the same extent as is required under—

“(I) section 1770 of the Food Security Act of 1985 (7 U.S.C. 2276); and

“(II) the Confidential Information Protection and Statistical Efficiency Act of 2002 (44 U.S.C. 3501 note; Public Law 107–347).

“(C) NONINSURED CROP DISASTER ASSISTANCE PROGRAM.—In collecting data under this subsection, the Secretary shall ensure that—

“(i) appropriate data are collected through the non-insured crop disaster assistance program established by section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333); and

“(ii) not less frequently than annually, the Farm Service Agency shares, and the Corporation considers, the data described in clause (i).”.

SEC. 11103. SHARING OF RECORDS.

Section 506(h)(3) of the Federal Crop Insurance Act (7 U.S.C. 1506(h)(3)) is amended by inserting “applicants who have received payment under section 522(b)(2)(E),” after “divisions,”.

SEC. 11104. USE OF RESOURCES.

Section 507(f) of the Federal Crop Insurance Act (7 U.S.C. 1507(f)) is amended—

(1) by striking paragraphs (3) and (4) and inserting the following:

“(3) the Farm Service Agency, in assisting the Board in—

“(A) the determination of individual producer yields;

“(B) sharing information on beginning farmers and ranchers and veteran farmers and ranchers;

“(C) investigating potential waste, fraud, or abuse;

“(D) sharing information to support the transition of crops and counties from the noninsured crop disaster assistance program established by section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) to insurance under this subtitle; and

“(E) serving as a local point of contact for the dissemination of information on risk management options available to farmers and ranchers; and

“(4) other Federal agencies, in assisting the Board in any way the Board determines is necessary in carrying out this subtitle.”;

(2) in paragraph (2), by striking “(2) the” and inserting the following:

“(2) the”; and

(3) by striking “(f) The Board” in the matter preceding paragraph (1) and all that follows through the semicolon at the end of paragraph (1) and inserting the following:

“(f) USE OF RESOURCES, DATA, BOARDS, AND COMMITTEES OF FEDERAL AGENCIES.—If the Board determines it is necessary, the Board shall use, to the maximum extent practicable, the resources, data, boards, and the committees of—

“(1) the Natural Resources Conservation Service, in assisting the Board in—

“(A) the classification of land as to risk and production capability; and

“(B) the consideration of acceptable conservation practices, including good farming practices with respect to conservation (such as cover crop termination);”.

SEC. 11105. SPECIALTY CROPS.

(a) SPECIALTY CROPS COORDINATOR.—Section 507(g) of the Federal Crop Insurance Act (7 U.S.C. 1507(g)) is amended—

(1) by striking the subsection designation and all that follows through “The Corporation” in paragraph (1) and inserting the following:

“(g) SPECIALTY CROPS COORDINATOR.—

“(1) IN GENERAL.—The Corporation”; and

(2) by adding at the end the following:

“(4) SPECIALTY CROP LIAISONS.—The Specialty Crops Coordinator shall—

“(A) designate a Specialty Crops Liaison in each regional field office; and

“(B) share the contact information of the Specialty Crops Liaisons with specialty crop producers.

“(5) WEBSITE.—The Specialty Crops Coordinator shall establish a website focused on the efforts of the Corporation to provide and expand crop insurance for specialty crop producers.”.

(b) ADDITION OF SPECIALTY CROPS AND OTHER VALUE-ADDED CROPS.—Section 508(a)(6) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(6)) is amended—

(1) in the paragraph heading, by adding at the end the following: “(INCLUDING VALUE-ADDED CROPS)”;

(2) by striking subparagraph (A) and inserting the following:

“(A) ANNUAL REVIEW.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, and annually thereafter, the manager of the Corporation shall prepare, to the maximum extent practicable, based on data shared from the noninsured crop disaster assistance program established by section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333), written agreements, or other data, and present to the Board not less than 1 of each of the following:

“(i) Research and development for a policy or plan of insurance for a commodity for which there is no existing policy or plan of insurance.

“(ii) Expansion of an existing policy or plan of insurance to additional counties or States, including malting barley endorsements or contract options.

“(iii) Research and development for a new policy or plan of insurance, or endorsement, for commodities with existing policies or plans of insurance, such as dollar plans.”;

(3) in subparagraph (B), in the subparagraph heading, by striking “ADDITION OF NEW CROPS” and inserting “REPORT”; and

(4) by striking subparagraphs (C) and (D).

SEC. 11106. INSURANCE PERIOD.

Section 508(a)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(2)) is amended by striking “and sweet potatoes” and inserting “sweet potatoes, and hemp”.

SEC. 11107. COVER CROPS.

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended—

(1) in paragraph (3)(B), in the subparagraph heading, by inserting “DETERMINATION REVIEW” after “PRACTICES”; and

(2) by adding at the end the following:

“(11) COVER CROPS.—

“(A) IN GENERAL.—The voluntary practice of cover cropping shall be considered a good farming practice under paragraph (3)(A)(iii) if the cover crop is terminated in accordance with subparagraph (B).

“(B) TERMINATION.—

“(i) IN GENERAL.—The termination of a cover crop shall be carried out according to—

“(I) guidelines established by the Secretary;

or

“(II) an exception to the guidelines approved under clause (ii).

“(ii) EXCEPTION TO GUIDELINES.—The Corporation shall approve an exception to the guidelines under clause (i)(I) if that exception is recommended by—

“(I) the Natural Resources Conservation Service; or

“(II) an agricultural expert, as determined by the Corporation, unless the exception is determined to be unreasonable by the Corporation.

“(C) INSURABILITY OF SUBSEQUENT CROP.—Cover crop termination shall not affect the insurability of a subsequently planted insurable crop if the cover crop is terminated in accordance with subparagraph (B).

“(D) SUMMER FALLOW.—In a county in which summer fallow is an insurable practice, a cover crop in that county that is terminated in accordance with subparagraph (B) shall be considered as summer fallow for the purpose of insurability.”

SEC. 11108. UNDERSERVED PRODUCERS.

Section 508(a)(7) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(7)) is amended—

(1) in the paragraph heading, by inserting “AND UNDERSERVED PRODUCERS” after “STATES”;

(2) in subparagraph (A)—

(A) by striking the designation and heading and all that follows through “the term” and inserting the following:

“(A) DEFINITIONS.—In this paragraph:

“(i) ADEQUATELY SERVED.—The term”;

(B) in clause (i) (as so designated), by striking “participation rate” and inserting “participation rate, by crop”;

and

(C) by adding at the end the following:

“(ii) UNDERSERVED PRODUCER.—The term ‘underserved producer’ means an individual (including a member of an Indian Tribe) that is—

“(I) a beginning farmer or rancher;

“(II) a veteran farmer or rancher; or

“(III) a socially disadvantaged farmer or rancher.”;

(3) in subparagraph (B)—

(A) by striking “The Board” and inserting “Using resources and information available to the Board or the Secretary, the Board”; and

(B) by striking “subtitle” and inserting “subtitle, including policies and plans of insurance for underserved producers.”; and

(4) by striking subparagraph (C) and inserting the following:

“(C) REPORT.—

“(i) IN GENERAL.—Not later than 30 days after completion of the review under subparagraph (B), and

not less frequently than once every 3 years thereafter, the Board shall make publicly available and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the review.

“(ii) RECOMMENDATIONS.—The report under clause (i) shall include recommendations to increase participation in States and among underserved producers that are not adequately served by the policies and plans of insurance, including any plans for administrative action or recommendations for Congressional action.”.

SEC. 11109. TREATMENT OF FORAGE AND GRAZING.

(a) AVAILABILITY OF CATASTROPHIC RISK PROTECTION FOR CROPS AND GRASSES USED FOR GRAZING.—Section 508(b)(1) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(1)) is amended—

(1) by striking “(A) IN GENERAL.—Except as provided in subparagraph (B), the” and inserting “The”; and

(2) by striking subparagraph (B).

(b) COVERAGE FOR FORAGE AND GRAZING.—The Federal Crop Insurance Act is amended by inserting after section 508C (7 U.S.C. 1508c) the following new section:

“SEC. 508D. COVERAGE FOR FORAGE AND GRAZING.

7 USC 1508d.

“Notwithstanding section 508A, and in addition to any other available coverage, for crops that can be both grazed and mechanically harvested on the same acres during the same growing season, producers shall be allowed to purchase separate policies for each intended use, as determined by the Corporation, and any indemnity paid under those policies for each intended use shall not be considered to be for the same loss for the purposes of section 508(n).”.

SEC. 11110. ADMINISTRATIVE BASIC FEE.

Section 508(b)(5)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(5)(A)) is amended by striking “\$300” and inserting “\$655”.

SEC. 11111. ENTERPRISE UNITS.

Section 508(e)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(5)) is amended by adding at the end the following:

“(E) ENTERPRISE UNITS ACROSS COUNTY LINES.—The Corporation may allow a producer to establish a single enterprise unit by combining an enterprise unit with—

“(i) 1 or more other enterprise units in 1 or more other counties; or

“(ii) all basic units and all optional units in 1 or more other counties.”.

SEC. 11112. CONTINUED AUTHORITY.

Section 508(g) of the Federal Crop Insurance Act (7 U.S.C. 1508(g)) is amended by adding at the end the following new paragraph:

“(6) CONTINUED AUTHORITY.—

“(A) IN GENERAL.—The Corporation shall establish—

“(i) underwriting rules that limit the decrease in the actual production history of a producer, at the election of the producer, to not more than 10 percent of the actual production history of the previous crop

year provided that the production decline was the result of drought, flood, natural disaster, or other insurable loss (as determined by the Corporation); and

“(ii) actuarially sound premiums to cover additional risk.

“(B) OTHER AUTHORITY.—The authority provided under subparagraph (A) is in addition to any other authority that adjusts the actual production history of the producer under this Act.

“(C) EFFECT.—Nothing in this paragraph shall be construed to require a change in the administration of any provision of this Act as the Act was administered for the 2018 reinsurance year.”.

SEC. 11113. SUBMISSION OF POLICIES AND MATERIALS TO BOARD.

Section 508(h) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended—

(1) in paragraph (1)(B)—

(A) by redesignating clauses (i) through (iii) as subclauses (I) through (III), respectively, and indenting appropriately;

(B) in the matter preceding subclause (I) (as so redesignated), by striking “The Corporation shall” and inserting the following:

“(i) IN GENERAL.—The Corporation shall”;

(C) in clause (i)(I) (as so redesignated), by inserting “subject to clause (ii),” before “will likely”; and

(D) by adding at the end the following:

“(ii) WAIVER FOR HEMP.—The Corporation may waive the viability and marketability requirement under clause (i)(I) in the case of a policy or pilot program relating to the production of hemp.”; and

(2) in paragraph (3)(C)—

(A) in clause (ii), by striking “and” at the end;

(B) in clause (iii), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(iv) in the case of reviewing policies and other materials relating to the production of hemp, may waive the viability and marketability requirement under subparagraph (A)(ii)(I).”.

SEC. 11114. CROP PRODUCTION ON NATIVE SOD.

Section 508(o)(2)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(o)(2)(A)) is amended—

(1) by striking “During the” and inserting the following:

“(i) FIRST 4 CROP YEARS.—During the”;

(2) in clause (i) (as so designated), by striking “after the date of enactment of the Agricultural Act of 2014” and inserting “beginning on February 8, 2014, and ending on the date of enactment of the Agriculture Improvement Act of 2018”; and

(3) by adding at the end the following:

“(ii) SUBSEQUENT CROP YEARS.—Native sod acreage that has been tilled for the production of an insurable crop after the date of enactment of the Agriculture Improvement Act of 2018 shall be subject to a reduction in benefits under this subtitle as described in this paragraph for not more than 4 cumulative years—

“(I) during the first 10 years after initial tillage; and

“(II) during each of which a crop on that acreage is insured under subsection (c).”.

SEC. 11115. USE OF NATIONAL AGRICULTURAL STATISTICS SERVICE DATA TO COMBAT WASTE, FRAUD, AND ABUSE.

Section 515 of the Federal Crop Insurance Act (7 U.S.C. 1515) is amended—

(1) in subsection (d)(1)—

(A) in subparagraph (B), by striking “and” at the end;

(B) in subparagraph (C), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(D) using published aggregate data from the National Agricultural Statistics Service or any other data source to—

“(i) detect yield disparities or other data anomalies that indicate potential fraud; and

“(ii) target the relevant counties, crops, regions, companies, or agents associated with that potential fraud for audits and other enforcement actions.”; and

(2) in subsection (f)(2)(A), by striking “pursuant to” each place it appears and inserting “under”.

SEC. 11116. SUBMISSION OF INFORMATION TO CORPORATION.

Section 515(g) of the Federal Crop Insurance Act (7 U.S.C. 1515(g)) is amended—

(1) in paragraph (1), by adding at the end the following:

“(D) The actual production history to be used to establish insurable yields.”; and

(2) in paragraph (2)—

(A) by striking “The information required by paragraph (1)” and inserting the following:

“(A) IN GENERAL.—The information required to be submitted under subparagraphs (A) through (C) of paragraph (1)”;

(B) by adding at the end the following:

“(B) ACTUAL PRODUCTION HISTORY.—

“(i) IN GENERAL.—The information required to be submitted under paragraph (1)(D) with respect to an applicable policy or plan of insurance for a covered commodity (as defined in section 1111 of the Agricultural Act of 2014 (7 U.S.C. 9011)) shall be submitted so as to ensure receipt by the Corporation not later than the Saturday of the week containing the calendar day that is 30 days after the applicable production reporting date for the crop to be insured.

“(ii) CORRECTION OF ERRORS.—Nothing in clause (i) limits the ability of an approved insurance provider to correct any error in the information submitted under paragraph (1)(D) after receipt of the information by the Corporation in accordance with clause (i).”.

SEC. 11117. CONTINUING EDUCATION FOR LOSS ADJUSTERS AND AGENTS.

Section 515 of the Federal Crop Insurance Act (7 U.S.C. 1515) is amended—

(1) by redesignating subsection (k) as subsection (l); and
 (2) by inserting after subsection (j) the following:

“(k) CONTINUING EDUCATION FOR LOSS ADJUSTERS AND AGENTS.—

“(1) IN GENERAL.—The Corporation shall establish requirements for continuing education for loss adjusters and agents of approved insurance providers.

“(2) REQUIREMENTS.—The requirements for continuing education described in paragraph (1) shall ensure that loss adjusters and agents of approved insurance providers are familiar with—

“(A) the policies and plans of insurance available under this Act, including the regulations promulgated to carry out this Act;

“(B) efforts to promote program integrity through the elimination of waste, fraud, and abuse; and

“(C) other aspects of adjusting, delivering, and servicing policies and plans of insurance by adjusters and agents, as determined by the Secretary, including conservation activities and agronomic practices (including organic and sustainable practices) that are common and appropriate to the area in which the insured crop being inspected is produced.”.

SEC. 11118. PROGRAM ADMINISTRATION.

Section 516(b)(2)(C)(i) of the Federal Crop Insurance Act (7 U.S.C. 1516(b)(2)(C)(i)) is amended by striking “\$9,000,000” and inserting “\$7,000,000”.

SEC. 11119. AGRICULTURAL COMMODITY.

Section 518 of the Federal Crop Insurance Act (7 U.S.C. 1518) is amended by inserting “hemp,” before “aquacultural species”.

SEC. 11120. MAINTENANCE OF POLICIES.

(a) IN GENERAL.—Section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is amended—

(1) in paragraph (1), by amending subparagraph (B) to read as follows:

“(B) REIMBURSEMENT.—

“(i) IN GENERAL.—An applicant who submits a policy under section 508(h) shall be eligible for the reimbursement of reasonable research and development costs if the policy is approved by the Board for sale to producers.

“(ii) REASONABLE COSTS.—For the purpose of reimbursing research and development and maintenance costs under this section, costs of the applicant shall be considered reasonable costs if the costs are based on—

“(I) for any employees or contracted personnel, wage rates equal to not more than 2 times the hourly wage rate plus benefits, as provided by the Bureau of Labor Statistics for the year in which such costs are incurred, calculated using the formula applied to an applicant by the Corporation in reviewing proposed project budgets under this section on October 1, 2016; and

“(II) other actual documented costs incurred by the applicant.”; and
 (2) in paragraph (4)—

(A) in subparagraph (C), by striking “approved insurance provider” and inserting “applicant”; and

(B) in subparagraph (D)—

(i) in clause (i), by striking “determined by the approved insurance provider” and inserting “determined by the applicant”; and

(ii) by adding at the end the following:

“(iii) REVIEW.—After the Board approves the amount of a fee under clause (ii), the fee shall remain in effect and not be reviewed by the Board unless—

“(I) the applicant petitions the Board for reconsideration of the fee;

“(II) a substantial change is made to the policy, as determined by the Board; or

“(III) there is substantial evidence that the fee is inhibiting sales or use of the policy, as determined by the Board.”.

(b) **APPLICABILITY.**—

7 USC 1522 note.

(1) **IN GENERAL.**—The amendments made by this section shall apply to reimbursement requests made on or after October 1, 2016.

(2) **RESUBMISSION OF DENIED REQUEST.**—An applicant that was denied all or a portion of a reimbursement request under paragraph (1) of section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) during the period between October 1, 2016, and the date of the enactment of this Act shall be given an opportunity to resubmit such request.

SEC. 11121. REIMBURSEMENT OF RESEARCH, DEVELOPMENT, AND MAINTENANCE COSTS.

Section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is amended—

(1) in paragraph (2), by adding at the end the following:

“(K) **WAIVER FOR HEMP.**—The Board may waive the viability and marketability requirements under this paragraph in the case of research and development relating to a policy to insure the production of hemp.”; and

(2) in paragraph (3)—

(A) by striking “The Corporation” and inserting the following:

“(A) **IN GENERAL.**—Subject to subparagraph (B), the Corporation”; and

(B) by adding at the end the following:

“(B) **WAIVER FOR HEMP.**—The Corporation may waive the marketability requirement under subparagraph (A) in the case of research and development relating to a policy to insure the production of hemp.”.

SEC. 11122. RESEARCH AND DEVELOPMENT AUTHORITY.

Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522(c)) is amended—

(1) by striking paragraphs (7) through (18) and (20) through (23);

(2) by redesignating paragraphs (19) and (24) as paragraphs (7) and (8), respectively;

(3) in paragraph (7) (as so redesignated) (entitled “Whole farm diversified risk management insurance plan”), by adding at the end the following:

“(E) REVIEW OF MODIFICATIONS TO IMPROVE EFFECTIVENESS.—

“(i) IN GENERAL.—Not later than 18 months after the date of enactment of the Agriculture Improvement Act of 2018—

“(I) the Corporation shall hold stakeholder meetings to solicit producer and agent feedback; and

“(II) the Board shall—

“(aa) review procedures and paperwork requirements on agents and producers; and

“(bb) modify procedures and requirements, as appropriate, to decrease burdens and increase flexibility and effectiveness.

“(ii) FACTORS.—In carrying out items (aa) and (bb) of subclause (i)(II), the Board shall consider—

“(I) removing caps on nursery and livestock production;

“(II) allowing a waiver to expand operations, especially for small and beginning farmers;

“(III) minimizing paperwork for producers and agents;

“(IV) implementing an option for producers with less than \$1,000,000 in gross revenue that requires significantly less paperwork and record-keeping;

“(V) developing and using alternative records such as time-stamped photographs or technology applications to document planting and production history;

“(VI) treating the different growth stages of aquaculture species as separate crops to recognize the difference in perils at different phases of growth;

“(VII) moderating the impacts of disaster years on historic revenue, such as—

“(aa) using an average of the historic and projected revenue;

“(bb) counting indemnities as historic revenue for loss years;

“(cc) counting payments under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) as historic revenue for loss years; or

“(dd) using an assigned yield floor similar to the limitation described in section 508(g)(6)(A)(i), as determined by the Secretary;

“(VIII) improving agent training and outreach to underserved regions and sectors such as small dairy farms; and

“(IX) providing coverage and indemnification of insurable losses—

“(aa) after the losses exceed the deductible; and

“(bb) up to the maximum amount of total coverage.

“(F) BEGINNING FARMER OR RANCHER DEFINED.—Notwithstanding section 502(b)(3), with respect to plans described under this paragraph, the term ‘beginning farmer or rancher’ means a farmer or rancher who has not actively operated and managed a farm or ranch with a bona fide insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than 10 crop years.”; and

(4) by inserting after paragraph (8) (as so redesignated) the following:

“(9) TROPICAL STORM OR HURRICANE INSURANCE.—

“(A) IN GENERAL.—The Corporation shall carry out research and development, or offer to enter into 1 or more contracts with 1 or more qualified persons to carry out research and development, regarding a policy to insure crops (including tomatoes, peppers, and citrus) against losses due to a tropical storm or hurricane.

“(B) RESEARCH AND DEVELOPMENT.—Research and development under subparagraph (A) shall—

“(i) evaluate the effectiveness of risk management tools for a low frequency and catastrophic loss weather event; and

“(ii) result in a policy that provides protection for at least 1 of the following:

“(I) Production loss.

“(II) Revenue loss.

“(C) REPORT.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

“(i) the results of the research and development carried out under this paragraph; and

“(ii) any recommendations with respect to those results.

“(10) QUALITY LOSS.—

“(A) IN GENERAL.—The Corporation shall carry out research and development, or offer to enter into 1 or more contracts with 1 or more qualified persons to carry out research and development, regarding the establishment of each of the following alternative methods of adjusting for quality losses:

“(i) A method that does not impact the actual production history of a producer.

“(ii) A method that provides that, in circumstances in which a producer has suffered a quality loss to the insured crop of the producer that is insufficient to trigger an indemnity payment, the producer may elect to exclude that quality loss from the actual production history of the producer.

“(iii) 1 or more methods that combine the methods described in clauses (i) and (ii).

“(B) REQUIREMENTS.—Notwithstanding subsections (g) and (m) of section 508, any method developed under

subparagraph (A) that is used by the Corporation shall be—

“(i) optional for a producer to use; and

“(ii) offered at an actuarially sound premium rate.

“(C) REPORT.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

“(i) the results of the research and development carried out under subparagraph (A); and

“(ii) any recommendations with respect to those results.

“(11) CITRUS.—

“(A) IN GENERAL.—The Corporation shall carry out research and development, or offer to enter into 1 or more contracts with 1 or more qualified persons to carry out research and development, regarding the insurance of citrus fruit commodities and commodity types, including research and development of—

“(i) improvements to 1 or more existing policies, including the whole-farm revenue protection pilot policy;

“(ii) alternative methods of insuring revenue for citrus fruit commodities and commodity types; and

“(iii) the development of new, or expansion of existing, revenue policies for citrus fruit commodities and commodity types.

“(B) REPORT.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

“(i) the results of the research and development carried out under subparagraph (A); and

“(ii) any recommendations with respect to those results.

“(12) HOPS.—

“(A) IN GENERAL.—The Corporation shall carry out research and development, or offer to enter into 1 or more contracts with 1 or more qualified persons to carry out research and development, regarding a policy to insure the production of hops or revenue derived from the production of hops.

“(B) REPORT.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

“(i) the results of the research and development carried out under subparagraph (A); and

“(ii) any recommendations with respect to those results.

“(13) SUBSURFACE IRRIGATION PRACTICES.—

“(A) IN GENERAL.—The Corporation shall carry out research and development, or offer to enter into 1 or more contracts with 1 or more qualified persons to carry out research and development, regarding the creation of a separate practice for subsurface irrigation, including the establishment of a separate transitional yield within a county that is reflective of the average gain in productivity and yield associated with the installation of a subsurface irrigation system.

“(B) REPORT.—Not later than 18 months after the date of enactment of the Agriculture Improvement Act of 2018, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

“(i) the results of the research and development carried out under subparagraph (A); and

“(ii) any recommendations with respect to those results.

“(14) GRAIN SORGHUM.—

“(A) IN GENERAL.—The Corporation shall carry out research and development, or offer to enter into 1 or more contracts with 1 or more qualified persons to carry out research and development—

“(i) regarding improvements to 1 or more policies to insure irrigated grain sorghum;

“(ii) regarding alternative methods for producers with not more than 4 years of production history to insure irrigated grain sorghum; and

“(iii) to assess, by county, the difference in the rate, average yield, and coverage level of grain sorghum policies compared to policies for other feed grains in that county.

“(B) REPORT.—Not later than 18 months after the date of enactment of the Agriculture Improvement Act of 2018, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

“(i) the results of the research and development carried out under subparagraph (A); and

“(ii) any recommendations with respect to those results.

“(15) LIMITED IRRIGATION PRACTICES.—

“(A) AUTHORITY.—The Corporation shall—

“(i) consider expanding the availability of the limited irrigation insurance program to neighboring and similarly situated States (such as the States of Colorado and Nebraska), as determined by the Secretary;

“(ii) carry out research, or offer to enter into 1 or more contracts with 1 or more qualified persons to carry out research, on the marketability of the existing limited irrigation insurance program; and

“(iii) make recommendations on how to improve participation in that program.

“(B) RESEARCH.—In carrying out research under subparagraph (A), a qualified person shall—

“(i) collaborate with researchers on the subjects of—

“(I) reduced irrigation practices or limited irrigation practices; and

“(II) expected yield reductions following the application of reduced irrigation;

“(ii) collaborate with State and Federal officials responsible for the collection of water and the regulation of water use for the purpose of irrigation;

“(iii) provide recommendations to encourage producers to carry out limited irrigation practices or reduced irrigation and water conservation practices; and

“(iv) develop web-based applications that will streamline access to coverage for producers electing to conserve water use on irrigated crops.

“(C) REPORT.—Not later than 18 months after the date of enactment of the Agriculture Improvement Act of 2018, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

“(i) the results of the research carried out under subparagraphs (A) and (B);

“(ii) any recommendations to encourage producers to carry out limited irrigation practices or reduced irrigation and water conservation practices; and

“(iii) the actions taken by the Corporation to carry out the recommendations described in clause (ii).

“(16) INSURABLE IRRIGATION PRACTICES FOR RICE.—

“(A) IN GENERAL.—The Corporation shall carry out research and development, or offer to enter into 1 or more contracts with 1 or more qualified persons to carry out research and development, to include new and innovative irrigation practices under the current rice policy or the development of a distinct policy endorsement rated for rice produced using—

“(i) alternate wetting and drying practices (also referred to as ‘intermittent flooding’); and

“(ii) furrow irrigation practices.

“(B) REPORT.—Not later than 18 months after the date of enactment of the Agriculture Improvement Act of 2018, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

“(i) the results of the research and development carried out under paragraph (1); and

“(ii) any recommendations with respect to those results.

“(17) GREENHOUSE POLICY.—

“(A) IN GENERAL.—

“(i) RESEARCH AND DEVELOPMENT.—The Corporation shall carry out research and development, or offer to enter into 1 or more contracts with 1 or more qualified persons to carry out research and development,

regarding a policy to insure in a controlled environment such as a greenhouse—

“(I) the production of floriculture, nursery, and bedding plants;

“(II) the establishment of cuttings or tissue culture in a growing medium; or

“(III) other similar production, as determined by the Secretary.

“(ii) AVAILABILITY OF POLICY.—Notwithstanding the last sentence of section 508(a)(1), and section 508(a)(2), the Corporation shall make a policy described in clause (i) available if the requirements of section 508(h) are met.

“(B) RESEARCH AND DEVELOPMENT DESCRIBED.—Research and development described in subparagraph (A)(i) shall evaluate the effectiveness of policies for the production of plants in a controlled environment, including policies that—

“(i) are based on the risk of—

“(I) plant diseases introduced from the environment;

“(II) contaminated cuttings, seedlings, or tissue culture; or

“(III) Federal or State quarantine or destruction orders associated with the contaminated items described in subclause (II);

“(ii) consider other causes of loss applicable to a controlled environment, such as a loss of electricity due to weather;

“(iii) consider appropriate best practices to minimize the risk of loss;

“(iv) consider whether to provide coverage for various types of plants under 1 policy or to provide coverage for 1 species or type of plant per policy;

“(v) have streamlined reporting and paperwork requirements that take into account short propagation schedules, variable crop years, and the variety of plants that may be produced in a single facility; and

“(vi) provide protection for revenue losses.

“(C) REPORT.—Not later than 2 years after the date of enactment of the Agriculture Improvement Act of 2018, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

“(i) the results of the research and development carried out under subparagraphs (A)(i) and (B); and

“(ii) any recommendations with respect to those results.

“(18) LOCAL FOODS.—

“(A) IN GENERAL.—

“(i) FEASIBILITY STUDY.—The Corporation shall carry out a study to determine the feasibility of, or offer to enter into 1 or more contracts with 1 or more qualified persons to carry out a study to determine the feasibility of, a policy to insure production—

“(I) of floriculture, fruits, vegetables, poultry, livestock, or the products of floriculture, fruits, vegetables, poultry, or livestock; and

“(II) that is targeted toward local consumers and markets.

“(ii) AVAILABILITY OF POLICY.—Notwithstanding the last sentence of section 508(a)(1), and section 508(a)(2), the Corporation shall make available a policy described in clause (i) if—

“(I) the results of the feasibility study under clause (i) are viable; and

“(II) the requirements of section 508(h) are met.

“(B) FEASIBILITY STUDY DESCRIBED.—The feasibility study described in subparagraph (A)(i) shall evaluate the effectiveness of policies for production targeted toward local consumers and markets, including policies that—

“(i) consider small-scale production in various areas, including urban, suburban, and rural areas;

“(ii) consider a variety of marketing strategies;

“(iii) allow for production in soil and in alternative systems such as vertical systems, greenhouses, rooftops, or hydroponic systems;

“(iv) consider the price premium when accounting for production or revenue losses;

“(v) consider whether to provide coverage—

“(I) for various types of production under 1 policy; and

“(II) for 1 species or type of plant per policy; and

“(vi) have streamlined reporting and paperwork requirements.

“(C) REPORT.—Not later than 2 years after the date of enactment of the Agriculture Improvement Act of 2018, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

“(i) examines whether a version of existing policies such as the whole-farm revenue protection insurance plan may be tailored to provide improved coverage for producers of local foods;

“(ii) describes the results of the feasibility study carried out under subparagraph (A)(i); and

“(iii) includes any recommendations with respect to those results.

“(19) HIGH-RISK, HIGHLY PRODUCTIVE BATTLE LAND POLICY.—

“(A) IN GENERAL.—

“(i) RESEARCH AND DEVELOPMENT.—The Corporation shall carry out research and development, or offer to enter into 1 or more contracts with 1 or more qualified persons to carry out research and development, regarding a policy to insure producers of corn, cotton, and soybeans—

“(I) with operations on highly productive batture land within the Lower Mississippi River Valley;

“(II) that have a history of production of not less than 5 years; and

“(III) that have been impacted by more frequent flooding over the past 10 years due to sedimentation or federally constructed engineering improvements.

“(ii) AVAILABILITY OF POLICY.—Notwithstanding the last sentence of section 508(a)(1), and section 508(a)(2), the Corporation shall make a policy described in clause (i) available if the requirements of section 508(h) are met.

“(B) RESEARCH AND DEVELOPMENT DESCRIBED.—Research and development described in subparagraph (A)(i) shall evaluate the feasibility of less cost-prohibitive policies for batture-land producers in high risk areas, including policies that—

“(i) consider premium rate adjustments;

“(ii) consider automatic yield exclusion for consecutive-year losses; and

“(iii) allow for flexibility of final plant dates and prevent plant regulations.

“(C) REPORT.—Not later than 2 years after the date of enactment of the Agriculture Improvement Act of 2018, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

“(i) examines whether a version of existing policies may be tailored to provide improved coverage for batture-land producers;

“(ii) describes the results of the research and development carried out under subparagraphs (A) and (B); and

“(iii) includes any recommendations with respect to those results.”.

SEC. 11123. FUNDING FOR RESEARCH AND DEVELOPMENT.

Section 522(e)(2)(A) of the Federal Crop Insurance Act (7 U.S.C. 1522(e)(2)(A)) is amended—

(1) by striking “not more than \$12,500,000 for fiscal year 2008 and each subsequent fiscal year.” and inserting the following: “not more than—

“(i) \$12,500,000 for each of fiscal years 2008 through 2018; and”; and

(2) by adding at the end the following:

“(ii) \$8,000,000 for fiscal year 2019 and each fiscal year thereafter.”.

SEC. 11124. TECHNICAL AMENDMENT TO PILOT PROGRAMS.

Section 523(i)(3)(A) of the Federal Crop Insurance Act (7 U.S.C. 1523(i)(3)(A)) is amended by adding a period at the end.

SEC. 11125. EDUCATION AND RISK MANAGEMENT ASSISTANCE.

(a) EDUCATION ASSISTANCE.—Section 524(a) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking “paragraph (5)” and all that follows through “the Secretary” in subparagraph (B) and inserting “paragraph (4), the Secretary”; and

(B) by striking “paragraph (3)” and inserting “paragraph (2)”;

(2) by striking paragraph (2);

(3) by redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively;

(4) in paragraph (2) (as so redesignated), in subparagraph (A)—

(A) by striking “about the full range of” and inserting “and providing technical assistance to agricultural producers on a full range of farm viability and”;

(B) by inserting “business planning, enterprise analysis, transfer and succession planning, management coaching, market assessment, cash flow analysis,” after “insurance,”; and

(C) by inserting “conservation activities,” after “benchmarking,”;

(5) in paragraph (3) (as so redesignated)—

(A) in the matter preceding subparagraph (A)—

(i) by striking “programs established under paragraphs (2) and (3)” and inserting “program established under paragraph (2)”;

(ii) by inserting “farm viability and” after “emphasis on”; and

(iii) by inserting “, business planning and technical assistance, market assessment, transfer and succession planning, and crop insurance participation” after “benchmarking”;

(B) in subparagraph (D)(i), by striking “and” at the end; and

(C) by striking subparagraph (E) and inserting the following:

“(iii) are converting production and marketing systems to pursue new markets; and

“(E) producers that are underserved by the Federal crop insurance program established under this subtitle, as determined by the Corporation.”; and

(6) in paragraph (4) (as so redesignated)—

(A) in the matter preceding subparagraph (A), by striking “transferred” and all that follows through “for the partnerships” in subparagraph (B) and inserting “transferred for the partnerships”;

(B) by striking “paragraph (3), \$5,000,000 for fiscal year 2001” and inserting “paragraph (2), \$10,000,000 for fiscal year 2019”; and

(C) by striking the period at the end and inserting “, of which not less than \$5,000,000 shall be used to carry out paragraph (3)(E).”.

(b) CONFORMING AMENDMENTS.—Section 251(f)(1)(D)(ii) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971(f)(1)(D)(ii)) is amended—

(1) by striking “section 524(a)(3)” and inserting “section 524(a)”;

(2) by striking “(7 U.S.C. 1524(a)(3))” and inserting “(7 U.S.C. 1524(a))”.

SEC. 11126. REPEAL OF CROPLAND REPORT ANNUAL UPDATES.

Section 11014 of the Agricultural Act of 2014 (Public Law 113–79; 128 Stat. 963) is amended by striking subsection (c).

TITLE XII—MISCELLANEOUS

Subtitle A—Livestock

SEC. 12101. ANIMAL DISEASE PREVENTION AND MANAGEMENT.

(a) **DEFINITION.**—Section 10403 of the Animal Health Protection Act (7 U.S.C. 8302) is amended by adding at the end the following:

“(18) **VETERINARY COUNTERMEASURE.**—The term ‘veterinary countermeasure’ means any biological product (including an animal vaccine or diagnostic), pharmaceutical product (including a therapeutic), non-pharmaceutical product (including a disinfectant), or other product or equipment to prevent, detect, respond to, or mitigate harm to public or animal health resulting from, animal pests or diseases.”.

(b) **ANIMAL DISEASE PREPAREDNESS AND RESPONSE.**—Section 10409A of the Animal Health Protection Act (7 U.S.C. 8308A) is amended—

(1) by striking the section heading and inserting “**ANIMAL DISEASE PREVENTION AND MANAGEMENT**”;

(2) in subsection (a), by striking “(a) **DEFINITION OF ELIGIBLE LABORATORY.**—In this section,” and inserting the following:

“(a) **NATIONAL ANIMAL HEALTH LABORATORY NETWORK.**—

“(1) **DEFINITION OF ELIGIBLE LABORATORY.**—In this subsection,”;

(3) in subsection (b)—

(A) in paragraph (2), by redesignating subparagraphs (A) through (E) as clauses (i) through (v), respectively, and moving the margins of such clauses (as so redesignated) 2 ems to the right;

(B) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively, and moving the margins of such subparagraphs (as so redesignated) 2 ems to the right;

(4) by redesignating subsections (b) and (c) as paragraphs (2) and (3), respectively, and moving the margins of such paragraphs (as so redesignated) 2 ems to the right; and

(5) by adding at the end the following:

“(b) **NATIONAL ANIMAL DISEASE PREPAREDNESS AND RESPONSE PROGRAM.**—

“(1) **PROGRAM REQUIRED.**—The Secretary shall establish a program, to be known as the National Animal Disease Preparedness and Response Program (referred to in this section as ‘the Program’), to address the increasing risk of the introduction and spread within the United States of animal pests and diseases affecting the economic interests of the livestock and related industries of the United States, including the maintenance and expansion of export markets.

“(2) PROGRAM ACTIVITIES.—Activities under the Program shall include, to the extent practicable, the following:

“(A) Enhancing animal pest and disease analysis and surveillance.

“(B) Expanding outreach and education.

“(C) Targeting domestic inspection activities at vulnerable points in the safeguarding continuum.

“(D) Enhancing and strengthening threat identification technology.

“(E) Improving biosecurity.

“(F) Enhancing emergency preparedness and response capabilities, including training additional emergency response personnel.

“(G) Conducting technology development to enhance electronic sharing of animal health data for risk analysis between State and Federal animal health officials.

“(H) Enhancing the development and effectiveness of animal health technologies to treat and prevent animal disease, including—

“(i) veterinary biologics and diagnostics;

“(ii) animal drugs for minor uses and minor species;

“(iii) animal medical devices; and

“(iv) emerging veterinary countermeasures.

“(I) Such other activities as determined appropriate by the Secretary, in consultation with eligible entities specified in paragraph (3).

“(3) ELIGIBLE ENTITIES.—To carry out the Program, the Secretary shall offer to enter into cooperative agreements or other legal instruments, as authorized under section 10413 (referred to in this section as ‘agreements’) with eligible entities, to be selected by the Secretary, which may include any of the following entities, either individually or in combination:

“(A) A State department of agriculture.

“(B) The office of the chief animal health official of a State.

“(C) An entity eligible to receive funds under a capacity and infrastructure program (as defined in section 251(f)(1)(C) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971(f)(1)(C))).

“(D) A college of veterinary medicine, including a veterinary emergency team at such college.

“(E) A State or national livestock producer organization with direct and significant economic interest in livestock production.

“(F) A State emergency agency.

“(G) A State, national, allied, or regional veterinary organization or specialty board recognized by the American Veterinary Medical Association.

“(H) An Indian Tribe.

“(I) A Federal agency.

“(4) SPECIAL FUNDING CONSIDERATIONS.—In entering into agreements under this subsection, the Secretary shall give priority to applications submitted by—

“(A) a State department of agriculture or an office of the chief animal health official of a State; or

“(B) an eligible entity that will carry out program activities in a State or region in which—

“(i) an animal pest or disease is a Federal concern;

or

“(ii) the Secretary determines a potential exists for the spread of an animal pest or disease after taking into consideration—

“(I) the agricultural industries in the State or region;

“(II) factors contributing to animal pest or disease in the State or region, such as the climate, natural resources, and geography of, and native and exotic wildlife species and other disease vectors in, the State or region; and

“(III) the movement of animals in the State or region.

“(5) CONSULTATION.—For purposes of setting priorities under this subsection, the Secretary shall consult with eligible entities specified in paragraph (3). The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to consultation carried out under this paragraph.

“(6) APPLICATION.—

“(A) IN GENERAL.—An eligible entity specified in paragraph (3) seeking to enter into an agreement under the Program shall submit to the Secretary an application containing such information as the Secretary may require.

“(B) NOTIFICATION.—The Secretary shall notify each applicant of—

“(i) the requirements to be imposed on the eligible entity that is the recipient of funds under the Program for auditing of, and reporting on, the use of such funds; and

“(ii) the criteria to be used to ensure activities supported using such funds are based on sound scientific data or thorough risk assessments.

“(C) NON-FEDERAL CONTRIBUTIONS.—When deciding whether to enter into an agreement under the Program with an eligible entity described in paragraph (3), the Secretary—

“(i) may take into consideration an eligible entity’s ability to contribute non-Federal funds to carry out such an agreement; and

“(ii) shall not require such an eligible entity to make such a contribution as a condition to enter into an agreement.

“(7) USE OF FUNDS.—

“(A) USE CONSISTENT WITH TERMS OF COOPERATIVE AGREEMENT.—The recipient of funds under the Program shall use the funds for the purposes and in the manner provided in the agreement under which the funds are provided.

“(B) SUB-AGREEMENT.—Nothing in this section prevents an eligible entity from using funds received under the Program to enter into sub-agreements with another eligible entity or with a political subdivision of a State that has legal responsibilities relating to animal disease prevention, surveillance, or rapid response.

“(8) REPORTING REQUIREMENT.—Not later than 90 days after the date of completion of an activity conducted using funds provided under the Program, the recipient of such funds shall submit to the Secretary a report that describes the purposes and results of the activities.”.

(c) NATIONAL ANIMAL VACCINE AND VETERINARY COUNTERMEASURES BANK.—Section 10409A of the Animal Health Protection Act (7 U.S.C. 8308A), as amended by subsection (b), is further amended by inserting after subsection (b) (as added by subsection (b)(5) of this section) the following:

“(c) NATIONAL ANIMAL VACCINE BANK.—

“(1) ESTABLISHMENT.—The Secretary shall establish a national animal vaccine and veterinary countermeasures bank (to be known as the National Animal Vaccine and Veterinary Countermeasures Bank and referred to in this subsection as the ‘Vaccine Bank’) to benefit the domestic interests of the United States.

“(2) ELEMENTS OF VACCINE BANK.—Through the Vaccine Bank, the Secretary shall—

“(A) maintain sufficient quantities of veterinary countermeasures to appropriately and rapidly respond to the most damaging animal diseases affecting or with potential to affect human health or the economy of the United States; and

“(B) leverage, when appropriate, the mechanisms and infrastructure that have been developed for the management, storage, and distribution of the National Veterinary Stockpile.

“(3) PRIORITY FOR RESPONSE TO FOOT AND MOUTH DISEASE.—The Secretary shall prioritize the acquisition and maintenance of sufficient quantities of foot and mouth disease vaccine and accompanying diagnostic products for the Vaccine Bank. As part of such prioritization, the Secretary may offer to enter into one or more contracts with one or more entities that are capable of producing foot and mouth disease vaccine and that have surge production capacity of the vaccine.”.

(d) FUNDING.—Section 10409A of the Animal Health Protection Act (7 U.S.C. 8308A), as amended by subsections (b) and (c), is further amended by striking subsection (d) and inserting the following:

“(d) FUNDING.—

“(1) MANDATORY FUNDING.—

“(A) FISCAL YEARS 2019 THROUGH 2022.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section \$120,000,000 for the period of fiscal years 2019 through 2022, of which not less than \$5,000,000 shall be made available for each of those fiscal years to carry out subsection (b).

“(B) SUBSEQUENT FISCAL YEARS.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section \$30,000,000 for fiscal year 2023 and each fiscal year thereafter, of which not less than \$18,000,000 shall be made available for each of those fiscal years to carry out subsection (b).

“(2) AUTHORIZATION OF APPROPRIATIONS.—

“(A) NATIONAL ANIMAL HEALTH LABORATORY NETWORK.—In addition to the funds made available under

paragraph (1), there is authorized to be appropriated \$30,000,000 for each of fiscal years 2019 through 2023 to carry out subsection (a).

“(B) NATIONAL ANIMAL DISEASE PREPAREDNESS AND RESPONSE PROGRAM; NATIONAL ANIMAL VACCINE AND VETERINARY COUNTERMEASURES BANK.—In addition to the funds made available under paragraph (1), there is authorized to be appropriated such sums as are necessary for each of fiscal years 2019 through 2023 to carry out subsections (b) and (c).

“(C) ADDITIONALITY.—The funds authorized for appropriation under this paragraph are in addition to any funds authorized or otherwise made available under this section or section 10417.

“(3) ADMINISTRATIVE COSTS.—

“(A) SECRETARY.—Of the funds made available under this section or section 10417 to carry out the National Animal Health Laboratory Network under subsection (a) and the National Animal Disease Preparedness and Response Program under subsection (b), not more than 4 percent may be retained by the Secretary to pay administrative costs incurred by the Secretary.

“(B) ELIGIBLE ENTITIES.—Of the funds made available under this section or section 10417 to carry out the National Animal Disease Preparedness and Response Program under subsection (b), not more than 10 percent may be retained by an eligible entity that receives funds under any agreement entered into under such subsection, including any sub-agreement under paragraph (7)(B) of such subsection to pay administrative costs incurred by the eligible entity to carry out activities under the Program.

“(4) DURATION OF AVAILABILITY.—Funds made available under this subsection, including any proceeds credited under paragraph (5), shall remain available until expended.

“(5) PROCEEDS FROM VETERINARY COUNTERMEASURES SALES.—Any proceeds of a sale of veterinary countermeasures from the Vaccine Bank shall be—

“(A) deposited into the Treasury of the United States; and

“(B) credited to the account for the operation of the Vaccine Bank to be made available for expenditure without further appropriation.

“(6) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—Funds made available under the National Animal Health Laboratory Network, the National Animal Disease Preparedness and Response Program, and the Vaccine Bank shall not be used for the construction of a new building or facility or the acquisition or expansion of an existing building or facility, including site grading and improvement and architect fees.

“(e) AVAILABILITY AND PURPOSE OF FUNDING.—

“(1) IN GENERAL.—Using the funds made available under subsection (d), the Secretary of Agriculture shall offer to enter into contracts, grants, cooperative agreements, or other legal instruments under subsections (a) through (c) during each of the fiscal years 2019 through 2023.

“(2) EFFECT.—Nothing in paragraph (1) shall be construed to terminate a contract, grant, cooperative agreement, or other legal instrument entered into during the period specified in such paragraph.”.

SEC. 12102. SHEEP PRODUCTION AND MARKETING GRANT PROGRAM.

Section 209(c) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1627a(c)) is amended by striking “\$1,500,000 for fiscal year 2014” and inserting “\$2,000,000 for fiscal year 2019”.

SEC. 12103. FEASIBILITY STUDY ON LIVESTOCK DEALER STATUTORY TRUST.

(a) IN GENERAL.—The Secretary shall conduct a study to determine the feasibility of establishing a livestock dealer statutory trust.

(b) CONTENTS.—The study conducted under subsection (a) shall—

(1) analyze how the establishment of a livestock dealer statutory trust would affect buyer and seller behavior in markets for livestock (as defined in section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182));

(2) examine how the establishment of a livestock dealer statutory trust would affect seller recovery in the event of a livestock dealer payment default;

(3) consider what potential effects a livestock dealer statutory trust would have on credit availability, including impacts on lenders and lending behavior and other industry participants;

(4) examine unique circumstances common to livestock dealers and how those circumstances could impact the functionality of a livestock dealer statutory trust;

(5) study the feasibility of the industry-wide adoption of electronic funds transfer or another expeditious method of payment to provide sellers of livestock protection from nonsufficient funds payments;

(6) assess the effectiveness of statutory trusts in other segments of agriculture, whether similar effects could be experienced under a livestock dealer statutory trust, and whether authorizing the Secretary to appoint an independent trustee under the livestock dealer statutory trust would improve seller recovery;

(7) consider the effects of exempting dealers with average annual purchases under a de minimis threshold from being subject to the livestock dealer statutory trust; and

(8) analyze how the establishment of a livestock dealer statutory trust would affect the treatment of sellers of livestock as it relates to preferential transfer in bankruptcy.

(c) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the findings of the study conducted under subsection (a).

SEC. 12104. DEFINITION OF LIVESTOCK.

Section 602(2) of the Emergency Livestock Feed Assistance Act of 1988 (7 U.S.C. 1471(2)) is amended in the matter preceding subparagraph (A) by striking “fish” and all that follows through

“that—” and inserting “llamas, alpacas, live fish, crawfish, and other animals that—”.

SEC. 12105. NATIONAL AQUATIC ANIMAL HEALTH PLAN.

Section 11013 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8322) is amended—

- (1) by striking subsection (d); and
- (2) by redesignating subsection (e) as subsection (d).

SEC. 12106. VETERINARY TRAINING.

Section 10504 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8318) is amended—

- (1) by inserting “and veterinary teams, including those based at colleges of veterinary medicine,” after “veterinarians”; and
- (2) by inserting before the period at the end the following: “and who are capable of providing effective services before, during, and after emergencies”.

SEC. 12107. REPORT ON FSIS GUIDANCE AND OUTREACH TO SMALL MEAT PROCESSORS.

(a) **IN GENERAL.**—The Secretary shall offer to enter into a contract with a land-grant college or university or a non-land-grant college of agriculture (as those terms are defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101)) to review the effectiveness of existing Food Safety and Inspection Service guidance materials and other tools used by small and very small establishments, as defined by regulations issued by the Food Safety and Inspection Service, operating under Federal inspection, as in effect on the date of enactment of this Act, including—

- (1) the effectiveness of the outreach conducted by the Food Safety and Inspection Service to small and very small establishments;
- (2) the effectiveness of the guidance materials and other tools used by the Food Safety and Inspection Service to assist small and very small establishments; and
- (3) the responsiveness of Food Safety and Inspection Service personnel to inquiries and issues from small and very small establishments.

(b) **REPORT.**—Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

- (1) the results of the review conducted under subsection (a); and
- (2) recommendations on measures the Food Safety and Inspection Service should take to improve regulatory clarity and consistency and ensure all guidance materials and other tools take into account small and very small establishments.

SEC. 12108. REGIONAL CATTLE AND CARCASS GRADING CORRELATION AND TRAINING CENTERS.

7 USC 1622 note.

(a) **IN GENERAL.**—The Secretary shall establish not more than 3 regional centers, to be known as Cattle and Carcass Grading Correlation and Training Centers (referred to in this section as the “Centers”), to provide education and training for cattle and

carcass beef graders of the Agricultural Marketing Service, cattle producers, and other professionals involved in the reporting, delivery, and grading of feeder cattle, live cattle, and carcasses—

(1) to limit the subjectivity in the application of beef grading standards;

(2) to provide producers with greater confidence in the price of the producers' cattle; and

(3) to provide investors with both long and short positions more assurance in the cattle delivery system.

(b) LOCATION.—The Centers shall be located near cattle feeding and slaughter populations and areas shall be strategically identified in order to capture regional variances in cattle production.

(c) ADMINISTRATION.—Each Center shall be organized and administered by offices of the Department of Agriculture in operation on the date on which the respective Center is established, or in coordination with other appropriate Federal agencies or academic institutions.

(d) TRAINING PROGRAM.—The Centers shall offer intensive instructional programs involving classroom and field training work for individuals described in subsection (a).

(e) COORDINATION OF RESOURCES.—Each Center, in carrying out the functions of the Center, shall make use of information generated by the Department of Agriculture, the State agricultural extension and research stations, relevant designated contract markets, and the practical experience of area cattle producers, especially cattle producers cooperating in on-farm demonstrations, correlations, and research projects.

(f) PROHIBITION ON CONSTRUCTION.—Funds made available to carry out this section shall not be used for the construction of a new building or facility or the acquisition, expansion, remodeling, or alteration of an existing building or facility (including site grading and improvement, and architect fees). Notwithstanding the preceding sentence, the Secretary may use funds made available to carry out this section to provide a Center with payment for the cost of the rental of a space determined to be necessary by the Center for conducting training under this section and may accept donations (including in-kind contributions) to cover such cost.

Subtitle B—Agriculture and Food Defense

SEC. 12201. REPEAL OF OFFICE OF HOMELAND SECURITY.

Section 14111 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8911) is repealed.

SEC. 12202. OFFICE OF HOMELAND SECURITY.

Subtitle A of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6911 et seq.) is amended by adding at the end the following:

7 USC 6922.

“SEC. 221. OFFICE OF HOMELAND SECURITY.

“(a) DEFINITION OF AGRICULTURE AND FOOD DEFENSE.—In this section, the term ‘agriculture and food defense’ means any action to prevent, protect against, mitigate the effects of, respond to, or recover from a naturally occurring, unintentional, or intentional threat to the agriculture and food system.

“(b) AUTHORIZATION.—The Secretary shall establish in the Department the Office of Homeland Security.

“(c) EXECUTIVE DIRECTOR.—The Office of Homeland Security shall be headed by an Executive Director, who shall be known as the Executive Director of Homeland Security.

“(d) DUTIES.—The Executive Director of Homeland Security shall—

“(1) serve as the principal advisor to the Secretary on homeland security, including emergency management and agriculture and food defense;

“(2) coordinate activities of the Department, including policies, processes, budget needs, and oversight relating to homeland security, including emergency management and agriculture and food defense;

“(3) act as the primary liaison on behalf of the Department with other Federal departments and agencies in activities relating to homeland security, including emergency management and agriculture and food defense, and provide for inter-agency coordination and data sharing;

“(4)(A) coordinate in the Department the gathering of information relevant to early warning and awareness of threats and risks to the food and agriculture critical infrastructure sector; and

“(B) share that information with, and provide assistance with interpretation and risk characterization of that information to, the intelligence community (as defined in section 3 of the National Security Act of 1947 (50 U.S.C. 3003)), law enforcement agencies, the Secretary of Defense, the Secretary of Homeland Security, the Secretary of Health and Human Services, and State fusion centers (as defined in section 210A(j) of the Homeland Security Act of 2002 (6 U.S.C. 124h(j)));

“(5) liaise with the Director of National Intelligence to assist in the development of periodic assessments and intelligence estimates, or other intelligence products, that support the defense of the food and agriculture critical infrastructure sector;

“(6) coordinate the conduct, evaluation, and improvement of exercises to identify and eliminate gaps in preparedness and response;

“(7) produce a Department-wide centralized strategic coordination plan to provide a high-level perspective of the operations of the Department relating to homeland security, including emergency management and agriculture and food defense; and

“(8) carry out other appropriate duties, as determined by the Secretary.

“(e) AGRICULTURE AND FOOD THREAT AWARENESS PARTNERSHIP PROGRAM.—

“(1) INTERAGENCY EXCHANGE PROGRAM.—The Secretary, in partnership with the intelligence community (as defined in section 3 of the National Security Act of 1947 (50 U.S.C. 3003)) and fusion centers (as defined in section 210A(j) of the Homeland Security Act of 2002 (6 U.S.C. 124h(j))) that have analysis and intelligence capabilities relating to the defense of the food and agriculture critical infrastructure sector, shall establish and carry out an interagency exchange program of personnel and information to improve communication and analysis for

the defense of the food and agriculture critical infrastructure sector.

“(2) COLLABORATION WITH FEDERAL, STATE, AND LOCAL AUTHORITIES.—To carry out the program established under paragraph (1), the Secretary may—

“(A) enter into 1 or more cooperative agreements or contracts with Federal, State, or local authorities that have analysis and intelligence capabilities and expertise relating to the defense of the food and agriculture critical infrastructure sector; and

“(B) carry out any other activity under any other authority of the Secretary that is appropriate to engage the authorities described in subparagraph (A) for the defense of the food and agriculture critical infrastructure sector, as determined by the Secretary.”.

7 USC 8914.

SEC. 12203. AGRICULTURE AND FOOD DEFENSE.

(a) DEFINITIONS.—In this section:

(1) ANIMAL.—The term “animal” has the meaning given the term in section 10403 of the Animal Health Protection Act (7 U.S.C. 8302).

(2) DISEASE OR PEST OF CONCERN.—The term “disease or pest of concern” means a plant or animal disease or pest that—

(A) is—

- (i) a transboundary disease; or
- (ii) an established disease; and

(B) is likely to pose a significant risk to the food and agriculture critical infrastructure sector that warrants efforts at prevention, protection, mitigation, response, and recovery.

(3) ESTABLISHED DISEASE.—The term “established disease” means a plant or animal disease or pest that—

- (A)(i) if it becomes established, poses an imminent threat to agriculture in the United States; or
- (ii) has become established, as defined by the Secretary, within the United States; and
- (B) requires management.

(4) HIGH-CONSEQUENCE PLANT TRANSBOUNDARY DISEASE.—The term “high-consequence plant transboundary disease” means a transboundary disease that is—

- (A)(i) a plant disease; or
- (ii) a plant pest; and
- (B) of high consequence, as determined by the Secretary.

(5) PEST.—The term “pest”—

(A) with respect to a plant, has the meaning given the term “plant pest” in section 403 of the Plant Protection Act (7 U.S.C. 7702); and

(B) with respect to an animal, has the meaning given the term in section 10403 of the Animal Health Protection Act (7 U.S.C. 8302).

(6) PLANT.—The term “plant” has the meaning given the term in section 403 of the Plant Protection Act (7 U.S.C. 7702).

(7) PLANT HEALTH MANAGEMENT STRATEGY.—The term “plant health management strategy” means a strategy to timely control and eradicate a plant disease or plant pest outbreak,

including through mitigation (such as chemical control), surveillance, the use of diagnostic products and procedures, and the use of existing resistant seed stock.

(8) TRANSBOUNDARY DISEASE.—

(A) IN GENERAL.—The term “transboundary disease” means a plant or animal disease or pest that is within 1 or more countries outside of the United States.

(B) INCLUSION.—The term “transboundary disease” includes a plant or animal disease or pest described in subparagraph (A) that—

(i) has emerged within the United States; or

(ii) has been introduced within the United States.

(9) VETERINARY COUNTERMEASURE.—The term “veterinary countermeasure” has the meaning given such term in section 10403 of the Animal Health Protection Act (7 U.S.C. 8302).

(b) DISEASE OR PEST OF CONCERN RESPONSE PLANNING.—

(1) IN GENERAL.—The Secretary shall—

(A) establish a list of diseases or pests of concern by—

(i) developing a process to solicit and receive expert opinion and evidence relating to the diseases or pests of concern entered on the list; and

(ii) reviewing all available evidence relating to the diseases or pests of concern entered on the list, including classified information; and

(B) periodically update the list established under subparagraph (A).

(2) RESPONSE PLANS.—

(A) COMPREHENSIVE STRATEGIC RESPONSE PLAN OR PLANS.—The Secretary shall develop, in collaboration with appropriate Federal, State, regional, and local officials, a comprehensive strategic response plan or plans, as appropriate, for the diseases or pests of concern that are entered on the list established under paragraph (1).

(B) STATE OR REGION RESPONSE PLAN OR PLANS.—The Secretary shall provide information to a State or region to assist in producing a response plan or plans that shall include a concept of operations for a disease or pest of concern or a platform concept of operations for responses to similar diseases or pests of concern that are determined to be a priority to the State or region that shall, as appropriate—

(i) describe the appropriate interactions among, and roles of—

(I) Federal, State, Tribal, and units of local government; and

(II) plant or animal industry partners;

(ii) include a decision matrix or dynamic decision modeling tools that, as appropriate, include—

(I) information and timing requirements necessary for the use of veterinary countermeasures;

(II) plant health management strategies;

(III) deployment of other key materials and resources; and

(IV) parameters for transitioning from outbreak response to disease management;

(iii) identify key response performance metrics to establish—

(I) benchmarking to provide assessments of capabilities, capacity, and readiness to achieve response goals and objectives;

(II) progressive exercise evaluation; and

(III) continuing improvement of a response plan, including by providing for—

(aa) ongoing exercises;

(bb) improvement planning and the implementation of corrective actions to enhance a response plan over time; and

(cc) strategic information to guide investment in any appropriate research to mitigate the risk of a disease or pest of concern; and

(iv) be updated periodically, including in response to—

(I) an exercise evaluation; or

(II) new risk information becoming available regarding a disease or pest of concern.

(3) COORDINATION OF PLANS.—Pursuant to section 221(d)(6) of the Department of Agriculture Reorganization Act of 1994, as added by section 12202, the Secretary shall, as appropriate, assist in coordinating with other appropriate Federal, State, regional, or local officials in the exercising of the plans developed under paragraph (2).

(c) NATIONAL PLANT DIAGNOSTIC NETWORK.—

(1) IN GENERAL.—The Secretary shall establish in the Department of Agriculture a National Plant Diagnostic Network to monitor and surveil through diagnostics threats to plant health from diseases or pests of concern in the United States.

(2) REQUIREMENTS.—The National Plant Diagnostic Network established under paragraph (1) shall—

(A) provide for increased awareness, surveillance, early identification, rapid communication, warning, and diagnosis of a threat to plant health from a disease or pest of concern to protect natural and agricultural plant resources;

(B) coordinate and collaborate with agencies of the Department of Agriculture and State agencies and authorities involved in plant health;

(C) establish diagnostic laboratory standards;

(D) establish regional hubs throughout the United States that provide expertise, leadership, and support to diagnostic labs relating to the agricultural crops and plants in the covered regions of those hubs; and

(E) establish a national repository for records of endemic or emergent diseases and pests of concern.

(3) HEAD OF NETWORK.—

(A) IN GENERAL.—The Director of the National Institute of Food and Agriculture shall serve as the head of the National Plant Diagnostic Network.

(B) DUTIES.—The head of the National Plant Diagnostic Network shall—

(i) coordinate and collaborate with land-grant colleges and universities (as defined in section 1404 of the National Agricultural Research, Extension, and

Teaching Policy Act of 1977 (7 U.S.C. 3103)) in carrying out the requirements under paragraph (2), including through cooperative agreements described in paragraph (4);

(ii) partner with the Administrator of the Animal and Plant Health Inspection Service for assistance with plant health regulation and inspection; and

(iii) coordinate with other Federal agencies, as appropriate, in carrying out activities relating to the National Plant Diagnostic Network, including the sharing of biosurveillance information.

(4) **COLLABORATION WITH LAND-GRANT COLLEGES AND UNIVERSITIES.**—The Secretary shall seek to establish cooperative agreements with land-grant colleges and universities (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) that have the appropriate level of skill, experience, and competence with plant diseases or pests of concern.

(5) **AUTHORIZATION OF APPROPRIATIONS.**—In addition to the amount authorized to carry out this subtitle under section 12205, there is authorized to be appropriated to carry out this subsection \$15,000,000 for each of fiscal years 2019 through 2023.

(d) **NATIONAL PLANT DISEASE RECOVERY SYSTEM.**—

(1) **RECOVERY SYSTEM.**—The Secretary shall establish in the Department of Agriculture a National Plant Disease Recovery System to engage in strategic long-range planning to recover from high-consequence plant transboundary diseases.

(2) **REQUIREMENTS.**—The National Plant Disease Recovery System established under paragraph (1) shall—

(A) coordinate with disease or pest of concern concept of operations response plans;

(B) make long-range plans for the initiation of future research projects relating to high-consequence plant transboundary diseases;

(C) establish research plans for long-term recovery;

(D) plan for the identification and use of specific genotypes, cultivars, breeding lines, and other disease-resistant materials necessary for crop stabilization or improvement; and

(E) establish a watch list of high-consequence plant transboundary diseases for the purpose of making long-range plans under subparagraph (B).

SEC. 12204. BIOLOGICAL AGENTS AND TOXINS LIST.

Section 212(a)(1)(B)(i) of the Agricultural Bioterrorism Protection Act of 2002 (7 U.S.C. 8401(a)(1)(B)(i)) is amended—

(1) in subclause (III), by striking “and” at the end;

(2) by redesignating subclause (IV) as subclause (V); and

(3) by inserting after subclause (III) the following:

“(IV)(aa) whether such inclusion would have a substantial negative impact on the research and development of solutions for the animal or plant disease caused by the agent or toxin; and

“(bb) whether the negative impact described in item (aa) would substantially outweigh the risk

posed by the agent or toxin to animal or plant health if it is not included on the list; and”.

SEC. 12205. AUTHORIZATION OF APPROPRIATIONS.

In addition to other amounts made available under this subtitle, there is authorized to be appropriated to carry out this subtitle \$5,000,000 for each of fiscal years 2019 through 2023.

Subtitle C—Historically Underserved Producers

SEC. 12301. FARMING OPPORTUNITIES TRAINING AND OUTREACH.

(a) REPEAL.—

(1) IN GENERAL.—Section 7405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f) is repealed.

(2) CONFORMING AMENDMENTS.—

(A) Section 226B(e)(2)(B) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6934(e)(2)(B)) is amended by striking “the beginning farmer and rancher development program established under section 7405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f).” and inserting “the beginning farmer and rancher development grant program established under subsection (d) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279).”

(B) Section 251(f)(1)(D) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971(f)(1)(D)) is amended by striking clause (iv) and inserting the following:

“(iv) The beginning farmer and rancher development grant program established under subsection (d) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279).”

(C) Section 7506(e) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7614c(e)) is amended—

(i) in paragraph (2)(C)—

(I) by striking clause (v);

(II) by redesignating clauses (i) through (iv) as clauses (ii) through (v), respectively;

(III) by inserting before clause (ii) (as so redesignated) the following:

“(i) each grant and cooperative agreement awarded under subsection (d) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279);”;

(IV) in clause (ii) (as so redesignated), by striking “450i(b)(2);” and inserting “3157(b)(2);”;

(V) in clause (iv) (as so redesignated), by adding “and” at the end; and

(ii) in paragraph (4)—

(I) by striking subparagraph (E);

(II) by redesignating subparagraphs (A) through (D) as subparagraphs (B) through (E), respectively;

(III) by inserting before subparagraph (B) (as so redesignated) the following:

“(A) subsection (d) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279);”;

(IV) in subparagraph (B) (as so redesignated), by striking “450i(b);” and inserting “3157(b);”;

(V) in subparagraph (D) (as so redesignated), by adding “or” at the end; and

(VI) in subparagraph (E) (as so redesignated), by striking “; or” and inserting a period.

(b) **OUTREACH AND EDUCATION FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS, VETERAN FARMERS AND RANCHERS, AND BEGINNING FARMERS AND RANCHERS.**—Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended—

(1) by striking the section heading and inserting “**FARMING OPPORTUNITIES TRAINING AND OUTREACH**”;

(2) by redesignating subsection (i) as paragraph (5) (and moving the margins of such paragraph 2 ems to the right) and moving such paragraph (as so redesignated) so as to follow subsection (a)(4);

(3) by redesignating subsections (a) (as amended by paragraph (2)), (b), (c), (d), (e), (g), and (h) as subsections (c), (g), (k), (h), (a), (i), and (j), respectively, and moving the subsections so as to appear in alphabetical order;

(4) by moving paragraph (5) of subsection (a) (as so redesignated) so as to appear at the end of subsection (c) (as so redesignated) and redesignating such paragraph as paragraph (6);

(5) in subsection (a) (as so redesignated)—

(A) by striking the subsection designation and heading and inserting the following:

“(a) **DEFINITIONS.**—In this section:”;

(B) by redesignating paragraphs (1), (2), (3), (4), and (6) as paragraphs (6), (5), (1), (3), and (4), respectively, and moving the paragraphs so as to appear in numerical order;

(C) in paragraphs (1), (5), and (6) (as so redesignated), by striking “As used in this section, the” each place it appears and inserting “The”;

(D) in paragraph (1) (as so redesignated)—

(i) in the paragraph heading, by striking “**AGRICULTURE**” and inserting “**AGRICULTURAL**”; and

(ii) in the matter preceding subparagraph (A), by striking “agriculture” and inserting “agricultural”; and

(E) by inserting after paragraph (1) (as so redesignated)

the following:

“(2) **BEGINNING FARMER OR RANCHER.**—The term ‘beginning farmer or rancher’ means a person that—

“(A)(i) has not operated a farm or ranch; or

“(ii) has operated a farm or ranch for not more than 10 years; and

“(B) meets such other criteria as the Secretary may establish.”;

(6) by inserting after subsection (a) (as so redesignated) the following:

“(b) FARMING OPPORTUNITIES TRAINING AND OUTREACH.—The Secretary shall carry out this section to encourage and assist socially disadvantaged farmers and ranchers, veteran farmers and ranchers, and beginning farmers and ranchers in the ownership and operation of farms and ranches through—

“(1) education and training; and

“(2) equitable participation in all agricultural programs of the Department.”;

(7) in subsection (c) (as so redesignated and as amended by paragraph (4))—

(A) in the subsection heading, by inserting “FOR SOCIALLY DISADVANTAGED AND VETERAN FARMERS AND RANCHERS” after “ASSISTANCE”;

(B) by striking paragraph (4);

(C) by redesignating paragraphs (1), (2), (3), and (6) as paragraphs (2), (3), (4), and (1), respectively, and moving the paragraphs so as to appear in numerical order;

(D) in paragraph (1) (as so redesignated)—

(i) in the matter preceding subparagraph (A), by striking “The term” and inserting “In this subsection, the term”;

(ii) in subparagraph (A)(ii), by striking “subsection (a)” and inserting “this subsection”; and

(iii) in subparagraph (F), by striking “(450b))” and inserting “(5304))”;

(E) in paragraph (2) (as so redesignated)—

(i) in the matter preceding subparagraph (A), by striking “The Secretary of Agriculture shall carry out” and inserting “Using funds made available under subsection (1), the Secretary of Agriculture shall, for the period of fiscal years 2019 through 2023, carry out”; and

(ii) in subparagraph (B), by striking “agricultural” and inserting “agricultural, forestry, and related”;

(iii) by striking “agricultural” and inserting “agricultural, forestry, and related”;

(F) in paragraph (3) (as so redesignated), by striking “(1)” in the matter preceding subparagraph (A) and inserting “(2)”; and

(G) in paragraph (4) (as so redesignated)—

(i) in subparagraph (A)—

(I) by striking the subparagraph heading and inserting “OUTREACH AND TECHNICAL ASSISTANCE.—”;

(II) by striking “(2)” and inserting “(3)”; and

(III) by inserting “to socially disadvantaged farmers and ranchers and veteran farmers and ranchers” after “assistance”;

(ii) in subparagraph (C), by striking “(1)” and inserting “(2)”; and

(iii) in subparagraph (D), by adding at the end the following:

“(v) The number of farms or ranches started, maintained, or improved as a result of funds made available under the program.

“(vi) Actions taken by the Secretary in partnership with eligible entities to enhance participation in agricultural programs by veteran farmers or ranchers and socially disadvantaged farmers or ranchers.

“(vii) The effectiveness of the actions described in clause (vi).”; and

(iv) by adding at the end the following:

“(E) MAXIMUM TERM AND AMOUNT OF GRANT, CONTRACT, OR AGREEMENT.—A grant, contract, or agreement entered into under subparagraph (A) shall be—

“(i) for a term of not longer than 3 years; and

“(ii) in an amount that is not more than \$250,000 for each year of the grant, contract, or agreement.

“(F) PRIORITY.—In making grants and entering into contracts and other agreements under subparagraph (A), the Secretary shall give priority to nongovernmental and community-based organizations with an expertise in working with socially disadvantaged farmers and ranchers or veteran farmers and ranchers.

“(G) REGIONAL BALANCE.—To the maximum extent practicable, the Secretary shall ensure the geographical diversity of eligible entities to which grants are made and contracts and other agreements are entered into under subparagraph (A).

“(H) PROHIBITION.—A grant, contract, or other agreement under subparagraph (A) may not be used for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.

“(I) PEER REVIEW.—The Secretary shall establish a fair and efficient external peer review process that—

“(i) the Secretary shall use in making grants and entering into contracts and other agreements under subparagraph (A); and

“(ii) shall include a broad representation of peers of the eligible entity.

“(J) INPUT FROM ELIGIBLE ENTITIES.—The Secretary shall seek input from eligible entities providing technical assistance under this subsection not less than once each year to ensure that the program is responsive to the eligible entities providing that technical assistance.”;

(8) by inserting after subsection (c) (as so redesignated) the following:

“(d) BEGINNING FARMER AND RANCHER DEVELOPMENT GRANT PROGRAM.—

“(1) IN GENERAL.—Using funds made available under subsection (1), the Secretary, acting through the Director of the National Institute of Food and Agriculture, shall, for the period of fiscal years 2019 through 2023, make competitive grants or enter into cooperative agreements to support new and established local and regional training, education, outreach, and technical assistance initiatives to increase opportunities for beginning farmers and ranchers.

“(2) INCLUDED PROGRAMS AND SERVICES.—Initiatives described in paragraph (1) may include programs or services, as appropriate, relating to—

“(A) basic livestock, forest management, and crop farming practices;

“(B) innovative farm, ranch, and private, nonindustrial forest land transfer and succession strategies;

“(C) entrepreneurship and business training;

“(D) technical assistance to help beginning farmers or ranchers acquire land from retiring farmers and ranchers;

“(E) financial and risk management training, including the acquisition and management of agricultural credit;

“(F) natural resource management and planning;

“(G) diversification and marketing strategies;

“(H) curriculum development;

“(I) mentoring, apprenticeships, and internships;

“(J) resources and referral;

“(K) farm financial benchmarking;

“(L) agricultural rehabilitation and vocational training for veteran farmers and ranchers;

“(M) farm safety and awareness;

“(N) food safety and recordkeeping; and

“(O) other similar subject areas of use to beginning farmers and ranchers.

“(3) ELIGIBILITY.—

“(A) IN GENERAL.—To be eligible to receive a grant or enter into a cooperative agreement under this subsection, the recipient of the grant or participant in the cooperative agreement shall be a collaborative State, Tribal, local, or regionally-based network or partnership of public or private entities.

“(B) INCLUSIONS.—A recipient of a grant or a participant that enters into a cooperative agreement described in subparagraph (A) may include—

“(i) a State cooperative extension service;

“(ii) a Federal, State, municipal, or Tribal agency;

“(iii) a community-based or nongovernmental organization;

“(iv) a college or university (including an institution awarding an associate’s degree) or foundation maintained by a college or university; or

“(v) any other appropriate partner, as determined by the Secretary.

“(4) TERMS OF GRANTS OR COOPERATIVE AGREEMENT.—A grant or cooperative agreement under this subsection shall—

“(A) be for a term of not longer than 3 years; and

“(B) provide not more than \$250,000 for each year.

“(5) MATCHING REQUIREMENT.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), to be eligible to receive a grant or enter into a cooperative agreement under this subsection, a recipient or participant shall provide a match in the form of cash or in-kind contributions in an amount equal to 25 percent of the funds provided by the grant or cooperative agreement.

“(B) EXCEPTION.—The Secretary may waive or reduce the matching requirement in subparagraph (A) if the Secretary determines such a waiver or modification is necessary to effectively reach an underserved area or population.

“(6) EVALUATION CRITERIA.—In making grants or entering into cooperative agreements under this subsection, the Secretary shall evaluate, with respect to applications for the grants or cooperative agreements—

“(A) relevancy;

“(B) technical merit;

“(C) achievability;

“(D) the expertise and track record of 1 or more applicants;

“(E) the consultation of beginning farmers and ranchers in design, implementation, and decisionmaking relating to an initiative described in paragraph (1);

“(F) the adequacy of plans for—

“(i) a participatory evaluation process;

“(ii) outcome-based reporting; and

“(iii) the communication of findings and results beyond the immediate target audience; and

“(G) other appropriate factors, as determined by the Secretary.

“(7) REGIONAL BALANCE.—To the maximum extent practicable, the Secretary shall ensure the geographical diversity of recipients of grants or participants in cooperative agreements under this subsection.

“(8) PRIORITY.—In making grants or entering into cooperative agreements under this subsection, the Secretary shall give priority to partnerships and collaborations that are led by or include nongovernmental, community-based organizations and school-based educational organizations with expertise in new agricultural producer training and outreach.

“(9) PROHIBITION.—A grant made or cooperative agreement entered into under this subsection may not be used for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.

“(10) COORDINATION PERMITTED.—A recipient of a grant or participant in a cooperative agreement under this subsection may coordinate with a recipient of a grant or cooperative agreement under section 1680 in addressing the needs of veteran farmers and ranchers with disabilities.

“(11) CONSECUTIVE AWARDS.—A grant or cooperative agreement under this subsection may be made to a recipient or participant for consecutive years.

“(12) PEER REVIEW.—

“(A) IN GENERAL.—The Secretary shall establish a fair and efficient external peer review process, which the Secretary shall use in making grants or entering into cooperative agreements under this subsection.

“(B) REQUIREMENT.—The peer review process under subparagraph (A) shall include a review panel composed of a broad representation of peers of the applicant for the grant or cooperative agreement that are not applying for a grant or cooperative agreement under this subsection.

“(13) PARTICIPATION BY OTHER FARMERS AND RANCHERS.—Nothing in this subsection prohibits the Secretary from allowing a farmer or rancher who is not a beginning farmer or rancher (including an owner or operator that has ended, or expects to end within 5 years, active labor in a farming or ranching operation as a producer, retiring farmers, and non-farming

landowners) from participating in a program or service under this subsection, to the extent that the Secretary determines that such participation—

“(A) is appropriate; and

“(B) will not detract from the primary purpose of increasing opportunities for beginning farmers and ranchers.

“(14) EDUCATION TEAMS.—

“(A) IN GENERAL.—The Secretary shall establish beginning farmer and rancher education teams to develop curricula, conduct educational programs and workshops for beginning farmers and ranchers in diverse geographical areas of the United States, or provide training and technical assistance initiatives for beginning farmers or ranchers or for trainers and service providers that work with beginning farmers or ranchers.

“(B) CURRICULUM.—In promoting the development of curricula, educational programs and workshops, or training and technical assistance initiatives under subparagraph (A), the Secretary shall, to the maximum extent practicable, include content tailored to specific audiences of beginning farmers and ranchers, based on crop diversity or regional diversity.

“(C) COMPOSITION.—In establishing an education team under subparagraph (A) for a specific program or workshop, the Secretary shall, to the maximum extent practicable—

“(i) obtain the short-term services of specialists with knowledge and expertise in programs serving beginning farmers and ranchers; and

“(ii) use officers and employees of the Department with direct experience in programs of the Department that may be taught as part of the curriculum for the program or workshop.

“(D) COOPERATION.—

“(i) IN GENERAL.—In carrying out this subsection, the Secretary shall cooperate, to the maximum extent practicable, with—

“(I) State cooperative extension services;

“(II) Federal, State, and Tribal agencies;

“(III) community-based and nongovernmental organizations;

“(IV) colleges and universities (including an institution awarding an associate’s degree) or foundations maintained by a college or university; and

“(V) other appropriate partners, as determined by the Secretary.

“(ii) COOPERATIVE AGREEMENTS.—The Secretary may enter into a cooperative agreement to reflect the terms of any cooperation under subparagraph (A).

“(15) CURRICULUM AND TRAINING CLEARINGHOUSE.—The Secretary shall establish an online clearinghouse that makes available to beginning farmers and ranchers education curricula and training materials and programs, which may include online courses for direct use by beginning farmers and ranchers.

“(e) APPLICATION REQUIREMENTS.—In making grants and entering into contracts and other agreements, as applicable, under

subsections (c) and (d), the Secretary shall make available a simplified application process for an application for a grant that requests less than \$50,000.”;

(9) by striking subsection (f) and inserting the following:

“(f) STAKEHOLDER INPUT.—In carrying out this section, the Secretary shall seek stakeholder input from—

“(1) beginning farmers and ranchers;

“(2) socially disadvantaged farmers and ranchers;

“(3) veteran farmers and ranchers;

“(4) national, State, Tribal, and local organizations and other persons with expertise in operating programs for—

“(A) beginning farmers and ranchers;

“(B) socially disadvantaged farmers and ranchers; or

“(C) veteran farmers and ranchers;

“(5) the Advisory Committee on Beginning Farmers and Ranchers established under section 5(b) of the Agricultural Credit Improvement Act of 1992 (7 U.S.C. 1929 note; Public Law 102–554);

“(6) the Advisory Committee on Minority Farmers established under section 14008 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 2279 note; Public Law 110–246); and

“(7) the Tribal Advisory Committee established under subsection (b) of section 309 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6921).”;

(10) in paragraph (3) of subsection (h) (as so redesignated), by inserting “and not later than March 1, 2020,” after “1991,”; and

(11) by adding at the end the following:

“(l) FUNDING.—

“(1) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section—

“(A) \$30,000,000 for each of fiscal years 2019 and 2020;

“(B) \$35,000,000 for fiscal year 2021;

“(C) \$40,000,000 for fiscal year 2022; and

“(D) \$50,000,000 for fiscal year 2023 and each fiscal year thereafter.

“(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$50,000,000 for each of fiscal years 2019 through 2023.

“(3) RESERVATION OF FUNDS.—Of the amounts made available to carry out this section—

“(A) 50 percent shall be used to carry out subsection (c); and

“(B) 50 percent shall be used to carry out subsection (d).

“(4) ALLOCATION OF FUNDS.—

“(A) IN GENERAL.—Not less than 5 percent of the amounts made available to carry out subsection (d) for a fiscal year shall be used to support programs and services that address the needs of—

“(i) limited resource beginning farmers and ranchers, as defined by the Secretary;

“(ii) socially disadvantaged farmers and ranchers that are beginning farmers and ranchers; and

“(iii) farmworkers desiring to become farmers or ranchers.

“(B) VETERAN FARMERS AND RANCHERS.—Not less than 5 percent of the amounts made available to carry out subsection (d) for a fiscal year shall be used to support programs and services that address the needs of veteran farmers and ranchers.

“(5) INTERAGENCY FUNDING.—Any agency of the Department may participate in any grant, contract, or agreement entered into under this section by contributing funds, if the contributing agency determines that the objectives of the grant, contract, or agreement will further the authorized programs of the contributing agency.

“(6) ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amounts made available to carry out this section for a fiscal year may be used for expenses relating to the administration of this section.

“(7) LIMITATION ON INDIRECT COSTS.—A recipient of a grant or a party to a contract or other agreement under subsection (c) or (d) may not use more than 10 percent of the funds received for the indirect costs of carrying out a grant, contract, or other agreement.”.

SEC. 12302. URBAN AGRICULTURE.

Subtitle A of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6911 et seq.) (as amended by section 12202) is amended by adding at the end the following:

7 USC 6923.

“SEC. 222. OFFICE OF URBAN AGRICULTURE AND INNOVATIVE PRODUCTION.

“(a) OFFICE.—

“(1) IN GENERAL.—The Secretary shall establish in the Department an Office of Urban Agriculture and Innovative Production.

“(2) DIRECTOR.—The Secretary shall appoint a senior official to serve as the Director of the Office of Urban Agriculture and Innovative Production (referred to in this section as the ‘Director’).

“(3) MISSION.—The mission of the Office of Urban Agriculture and Innovative Production shall be to encourage and promote urban, indoor, and other emerging agricultural practices, including—

“(A) community gardens and farms located in urban areas, suburbs, and urban clusters;

“(B) rooftop farms, outdoor vertical production, and green walls;

“(C) indoor farms, greenhouses, and high-tech vertical technology farms;

“(D) hydroponic, aeroponic, and aquaponic farm facilities; and

“(E) other innovations in agricultural production, as determined by the Secretary.

“(4) RESPONSIBILITIES.—The Director shall be responsible for engaging in activities to carry out the mission described in paragraph (3), including by—

“(A) managing programs, including for community gardens, urban farms, rooftop agriculture, and indoor vertical production;

“(B) advising the Secretary;

“(C) coordinating with the agencies and officials of the Department to update relevant programs;

“(D) engaging in stakeholder relations and developing external partnerships;

“(E) identifying common State and municipal best practices for navigating local policies;

“(F) coordinating networks of community gardens and facilitating connections to local food banks, in partnership with the Food and Nutrition Service; and

“(G) collaborating with other Federal agencies.

“(b) URBAN AGRICULTURE AND INNOVATIVE PRODUCTION ADVISORY COMMITTEE.—

“(1) IN GENERAL.—Not later than 180 days after the date of enactment of this section, the Secretary shall establish an Urban Agriculture and Innovative Production Advisory Committee (referred to in this subsection as the ‘Committee’) to advise the Secretary on—

“(A) the development of policies and outreach relating to urban, indoor, and other emerging agricultural production practices; and

“(B) any other aspects of the implementation of this section.

“(2) MEMBERSHIP.—

“(A) IN GENERAL.—The Committee shall be composed of 12 members, of whom—

“(i) 4 shall be individuals who are agricultural producers, of whom—

“(I) 2 individuals shall be agricultural producers located in an urban area or urban cluster; and

“(II) 2 individuals shall be farmers that use innovative technology;

“(ii) 2 shall be representatives from an institution of higher education or extension program;

“(iii) 1 shall be an individual who represents a nonprofit organization, which may include a public health, environmental, or community organization;

“(iv) 1 shall be an individual who represents business and economic development, which may include a business development entity, a chamber of commerce, a city government, or a planning organization;

“(v) 1 shall be an individual with supply chain experience, which may include a food aggregator, wholesale food distributor, food hub, or an individual who has direct-to-consumer market experience;

“(vi) 1 shall be an individual from a financing entity; and

“(vii) 2 shall be individuals with related experience or expertise in urban, indoor, and other emerging agriculture production practices, as determined by the Secretary.

“(B) INITIAL APPOINTMENTS.—The Secretary shall appoint the members of the Committee not later than 180 days after the date of enactment of this section.

“(3) PERIOD OF APPOINTMENT; VACANCIES.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), a member of the Committee shall be appointed for a term of 3 years.

“(B) INITIAL APPOINTMENTS.—Of the members first appointed to the Committee—

“(i) 4 of the members, as determined by the Secretary, shall be appointed for a term of 3 years;

“(ii) 4 of the members, as determined by the Secretary, shall be appointed for a term of 2 years; and

“(iii) 4 of the members, as determined by the Secretary, shall be appointed for a term of 1 year.

“(C) VACANCIES.—Any vacancy in the Committee—

“(i) shall not affect the powers of the Committee; and

“(ii) shall be filled as soon as practicable in the same manner as the original appointment.

“(D) CONSECUTIVE TERMS.—An initial appointee of the committee may serve an additional consecutive term if the member is reappointed by the Secretary.

“(4) MEETINGS.—

“(A) FREQUENCY.—The Committee shall meet not fewer than 3 times per year.

“(B) INITIAL MEETING.—Not later than 180 days after the date on which the members are appointed under paragraph (2)(B), the Committee shall hold the first meeting of the Committee.

“(5) DUTIES.—

“(A) IN GENERAL.—The Committee shall—

“(i) develop recommendations and advise the Director on policies, initiatives, and outreach administered by the Office of Urban Agriculture and Innovative Production;

“(ii) evaluate and review ongoing research and extension activities relating to urban, indoor, and other innovative agricultural practices;

“(iii) identify new and existing barriers to successful urban, indoor, and other emerging agricultural production practices; and

“(iv) provide additional assistance and advice to the Director as appropriate.

“(B) REPORTS.—Not later than 1 year after the date on which the Committee is established, and every 2 years through 2023, the Committee shall submit to the Secretary, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the recommendations developed under subparagraph (A).

“(6) PERSONNEL MATTERS.—

“(A) COMPENSATION.—A member of the Committee shall serve without compensation.

“(B) TRAVEL EXPENSES.—A member of the Committee shall be allowed travel expenses, including per diem in lieu of subsistence, in accordance with section 5703 of title 5, United States Code.

“(7) TERMINATION.—

“(A) IN GENERAL.—Subject to subparagraph (B), the Committee shall terminate on the date that is 5 years

after the date on which the members are appointed under paragraph (2)(B).

“(B) EXTENSIONS.—Before the date on which the Committee terminates, the Secretary may renew the Committee for 1 or more 2-year periods.

“(c) GRANTS.—The Director shall award competitive grants to support the development of urban agriculture and innovative production to any of the following eligible entities:

“(1) A nonprofit organization.

“(2) A unit of local government.

“(3) A Tribal government.

“(4) Any school that serves any of grades kindergarten through grade 12.

“(d) PILOT PROJECTS.—

“(1) URBAN AND SUBURBAN COUNTY COMMITTEES.—

“(A) IN GENERAL.—Not later than 1 year after the date of enactment of this section, the Secretary shall establish a pilot program for not fewer than 5 years that establishes 10 county committees in accordance with section 8(b)(5)(B)(ii)(II) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)(B)(ii)(II)) to operate in counties located in urban or suburban areas with a high concentration of urban or suburban farms.

“(B) EFFECT.—Nothing in this paragraph requires or precludes the establishment of a Farm Service Agency office in a county in which a county committee is established under subparagraph (A).

“(C) REPORT.—For fiscal year 2019 and each fiscal year thereafter through fiscal year 2023, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing a summary of—

“(i) the status of the pilot program under subparagraph (A);

“(ii) meetings and other activities of the committees established under that subparagraph; and

“(iii) the types and volume of assistance and services provided to farmers in counties in which county committees are established under that subparagraph.

“(2) INCREASING COMMUNITY COMPOST AND REDUCING FOOD WASTE.—

“(A) IN GENERAL.—The Secretary, acting through the Director, shall carry out pilot projects under which the Secretary shall offer to enter into cooperative agreements with local or municipal governments in not fewer than 10 States to develop and test strategies for planning and implementing municipal compost plans and food waste reduction plans.

“(B) ELIGIBLE ENTITIES AND PURPOSES OF PILOT PROJECTS.—Under a cooperative agreement entered into under this paragraph, the Secretary shall provide assistance to municipalities, counties, local governments, or city planners, as appropriate, to carry out planning and implementing activities that will—

“(i) generate compost;

“(ii) increase access to compost for agricultural producers;

“(iii) reduce reliance on, and limit the use of, fertilizer;

“(iv) improve soil quality;

“(v) encourage waste management and permaculture business development;

“(vi) increase rainwater absorption;

“(vii) reduce municipal food waste; and

“(viii) divert food waste from landfills.

“(C) EVALUATION AND RANKING OF APPLICATIONS.—

“(i) CRITERIA.—Not later than 180 days after the date of enactment of this section, the Secretary shall establish criteria for the selection of pilot projects under this paragraph.

“(ii) CONSIDERATION.—In selecting, undertaking, or funding pilot projects under this paragraph, the Secretary shall consider any commonly known significant impact on existing food waste recovery and disposal by commercial, marketing, or business relationships.

“(iii) PRIORITY.—In selecting a pilot project under this paragraph, the Secretary shall give priority to an application for a pilot project that—

“(I) anticipates or demonstrates economic benefits;

“(II) incorporates plans to make compost easily accessible to agricultural producers, including community gardeners;

“(III) integrates other food waste strategies, including food recovery efforts; and

“(IV) provides for collaboration with multiple partners.

“(D) MATCHING REQUIREMENT.—The recipient of assistance for a pilot project under this paragraph shall provide funds, in-kind contributions, or a combination of both from sources other than funds provided through the grant in an amount equal to not less than 25 percent of the amount of the grant.

“(E) EVALUATION.—The Secretary shall conduct an evaluation of the pilot projects funded under this paragraph to assess different solutions for increasing access to compost and reducing municipal food waste, including an evaluation of—

“(i) the amount of Federal funds used for each project; and

“(ii) a measurement of the outcomes of each project.

“(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section and the amendments made by this section \$25,000,000 for each of fiscal years 2019 through 2023.”.

SEC. 12303. TRIBAL ADVISORY COMMITTEE.

Section 309 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6921) is amended—

(1) by striking “The Secretary” and inserting the following: “(a) IN GENERAL.—The Secretary”; and

(2) by adding at the end the following:

“(b) TRIBAL ADVISORY COMMITTEE.—

“(1) DEFINITIONS.—In this subsection:

“(A) INDIAN TRIBE.—The term ‘Indian tribe’ has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

“(B) RELEVANT COMMITTEES OF CONGRESS.—The term ‘relevant committees of Congress’ means—

“(i) the Committee on Agriculture of the House of Representatives;

“(ii) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

“(iii) the Committee on Indian Affairs of the Senate.

“(C) TRIBAL ORGANIZATION.—The term ‘tribal organization’ has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

“(2) ESTABLISHMENT OF COMMITTEE.—

“(A) IN GENERAL.—The Secretary shall establish an advisory committee, to be known as the Tribal Advisory Committee (referred to in this subsection as the ‘Committee’) to provide advice and guidance to the Secretary on matters relating to Tribal and Indian affairs.

“(B) FACILITATION.—The Committee shall facilitate, but not supplant, government-to-government consultation between the Department of Agriculture (referred to in this subsection as the ‘Department’) and Indian tribes.

“(3) MEMBERSHIP.—

“(A) COMPOSITION.—The Committee shall be composed of 11 members, of whom—

“(i) 3 shall be appointed by the Secretary;

“(ii) 1 shall be appointed by the chairperson of the Committee on Indian Affairs of the Senate;

“(iii) 1 shall be appointed by the ranking member of the Committee on Indian Affairs of the Senate;

“(iv) 1 shall be appointed by the chairperson of the Committee on Agriculture, Nutrition, and Forestry of the Senate;

“(v) 1 shall be appointed by the ranking member of the Committee on Agriculture, Nutrition, and Forestry of the Senate;

“(vi) 2 shall be appointed by the chairperson of the Committee on Agriculture of the House of Representatives; and

“(vii) 2 shall be appointed by the ranking member of the Committee on Agriculture of the House of Representatives.

“(B) NOMINATIONS.—The Secretary shall accept nominations for members of the Committee from any of the following:

“(i) An Indian tribe.

“(ii) A tribal organization.

“(iii) A national or regional organization with expertise in issues relating to the duties of the Committee described in paragraph (4).

“(C) DIVERSITY.—To the maximum extent feasible, the Secretary shall ensure that the members of the Committee represent a diverse set of expertise on issues relating to geographic regions, Indian tribes, and the agricultural industry.

“(D) LIMITATION.—No member of the Committee shall be an officer or employee of the Federal Government.

“(E) PERIOD OF APPOINTMENT; VACANCIES.—

“(i) IN GENERAL.—Each member of the Committee—

“(I) subject to clause (ii), shall be appointed to a 3-year term; and

“(II) may be reappointed to not more than 3 consecutive terms.

“(ii) INITIAL STAGGERING.—The first 3 appointments by the Secretary under paragraph (3)(A)(i) shall be for a 2-year term.

“(iii) VACANCIES.—Any vacancy in the Committee shall be filled in the same manner as the original appointment not more than 90 days after the date on which the position becomes vacant.

“(F) MEETINGS.—

“(i) IN GENERAL.—The Committee shall meet in person not less than twice each year.

“(ii) OFFICE OF TRIBAL RELATIONS REPRESENTATIVE.—Not fewer than 1 representative from the Office of Tribal Relations of the Department shall be present at each meeting of the Committee.

“(iii) DEPARTMENT OF INTERIOR REPRESENTATIVE.—The Assistant Secretary for Indian Affairs of the Department of the Interior (or a designee) shall be present at each meeting of the Committee.

“(iv) NONVOTING REPRESENTATIVES.—The individuals described in clauses (ii) and (iii) shall be nonvoting representatives at meetings of the Committee.

“(4) DUTIES OF COMMITTEE.—The Committee shall—

“(A) identify evolving issues of relevance to Indian tribes relating to programs of the Department;

“(B) communicate to the Secretary the issues identified under subparagraph (A);

“(C) submit to the Secretary recommendations for, and solutions to—

“(i) the issues identified under subparagraph (A);

“(ii) issues raised at the Tribal, regional, or national level; and

“(iii) issues relating to any Tribal consultation carried out by the Department;

“(D) discuss issues and proposals for changes to the regulations, policies, and procedures of the Department that impact Indian tribes;

“(E) identify priorities and provide advice on appropriate strategies for Tribal consultation on issues at the Tribal, regional, or national level regarding the Department;

“(F) ensure that pertinent issues of the Department are brought to the attention of an Indian tribe in a timely

manner so that timely feedback from an Indian tribe can be obtained; and

“(G) identify and propose solutions to any interdepartmental barrier between the Department and other Federal agencies.

“(5) REPORTS.—

“(A) IN GENERAL.—Not less frequently than once each year, the Committee shall submit to the Secretary and the relevant committees of Congress a report that describes—

“(i) the activities of the Committee during the previous year; and

“(ii) recommendations for legislative or administrative action for the following year.

“(B) RESPONSE FROM SECRETARY.—Not more than 45 days after the date on which the Secretary receives a report under subparagraph (A), the Secretary shall submit a written response to that report to—

“(i) the Committee; and

“(ii) the relevant committees of Congress.

“(6) COMPENSATION OF MEMBERS.—Members of the Committee shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the performance of the duties of the Committee.

“(7) FEDERAL ADVISORY COMMITTEE ACT EXEMPTION.—Section 14 of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Committee.”

SEC. 12304. BEGINNING FARMER AND RANCHER COORDINATION.

Subtitle D of title VII of the Farm Security and Rural Investment Act of 2002 (as amended by sections 7506 and 12301(a)(1)) is further amended by inserting after section 7403 (7 U.S.C. 3119b note; Public Law 107-171) the following:

“SEC. 7404. BEGINNING FARMER AND RANCHER COORDINATION.

7 USC 6934a.

“(a) DEFINITIONS.—In this section:

“(1) BEGINNING FARMER OR RANCHER.—The term ‘beginning farmer or rancher’ has the meaning given such term in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)).

“(2) NATIONAL COORDINATOR.—The term ‘National Coordinator’ means the National Beginning Farmer and Rancher Coordinator established under subsection (b)(1).

“(3) STATE COORDINATOR.—The term ‘State coordinator’ means a State beginning farmer and rancher coordinator designated under subsection (c)(1)(A).

“(4) STATE OFFICE.—The term ‘State office’ means—

“(A) a State office of—

“(i) the Farm Service Agency;

“(ii) the Natural Resources Conservation Service;

“(iii) the Rural Business-Cooperative Service; or

“(iv) the Rural Utilities Service; or

“(B) a regional office of the Risk Management Agency.

“(b) NATIONAL BEGINNING FARMER AND RANCHER COORDINATOR.—

“(1) ESTABLISHMENT.—The Secretary shall establish in the Department the position of National Beginning Farmer and Rancher Coordinator.

“(2) DUTIES.—

“(A) IN GENERAL.—The National Coordinator shall—

“(i) advise the Secretary and coordinate activities of the Department on programs, policies, and issues relating to beginning farmers and ranchers; and

“(ii) in consultation with the applicable State food and agriculture council, determine whether to approve a plan submitted by a State coordinator under subsection (c)(3)(B).

“(B) DISCRETIONARY DUTIES.—Additional duties of the National Coordinator may include—

“(i) developing and implementing new strategies—

“(I) for outreach to beginning farmers and ranchers; and

“(II) to assist beginning farmers and ranchers with connecting to owners or operators that have ended, or expect to end within 5 years, actively owning or operating a farm or ranch; and

“(ii) facilitating interagency and interdepartmental collaboration on issues relating to beginning farmers and ranchers.

“(3) REPORTS.—Not less frequently than once each year, the National Coordinator shall distribute within the Department and make publicly available a report describing the status of steps taken to carry out the duties described in subparagraphs (A) and (B) of paragraph (2).

“(4) CONTRACTS AND COOPERATIVE AGREEMENTS.—In carrying out the duties under paragraph (2), the National Coordinator may enter into a contract or cooperative agreement with an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)), cooperative extension services (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)), or a nonprofit organization—

“(A) to conduct research on the profitability of new farms in operation for not less than 5 years in a region;

“(B) to develop educational materials;

“(C) to conduct workshops, courses, training, or certified vocational training; or

“(D) to conduct mentoring activities.

“(c) STATE BEGINNING FARMER AND RANCHER COORDINATORS.—

“(1) IN GENERAL.—

“(A) DESIGNATION.—The National Coordinator, in consultation with State food and agriculture councils and directors of State offices, shall designate in each State a State beginning farmer and rancher coordinator from among employees of State offices.

“(B) REQUIREMENTS.—To be designated as a State coordinator, an employee shall—

“(i) be familiar with issues relating to beginning farmers and ranchers; and

“(ii) have the ability to coordinate with other Federal departments and agencies.

“(2) TRAINING.—The Secretary shall develop a training plan to provide to each State coordinator knowledge of programs and services available from the Department for beginning farmers and ranchers, taking into consideration the needs of all production types and sizes of agricultural operations.

“(3) DUTIES.—A State coordinator shall—

“(A) coordinate technical assistance at the State level to assist beginning farmers and ranchers in accessing programs of the Department;

“(B) develop and submit to the National Coordinator for approval under subsection (b)(2)(A)(ii) a State plan to improve the coordination, delivery, and efficacy of programs of the Department to beginning farmers and ranchers, taking into consideration the needs of all types of production methods and sizes of agricultural operation, at each county and area office in the State;

“(C) oversee implementation of an approved State plan described in subparagraph (B);

“(D) work with outreach coordinators in the State offices to ensure appropriate information about technical assistance is available at outreach events and activities; and

“(E) coordinate partnerships and joint outreach efforts with other organizations and government agencies serving beginning farmers and ranchers.”.

SEC. 12305. AGRICULTURAL YOUTH ORGANIZATION COORDINATOR.

Subtitle D of title VII of the Farm Security and Rural Investment Act of 2002 (as amended by sections 7506, section 12301(a)(1), and 12304) is further amended by inserting after section 7404, as added by section 12304, the following:

“SEC. 7405. AGRICULTURAL YOUTH ORGANIZATION COORDINATOR.

7 USC 6934b.

“(a) AUTHORIZATION.—The Secretary shall establish in the Department the position of Agricultural Youth Organization Coordinator.

“(b) DUTIES.—The Agricultural Youth Organization Coordinator shall—

“(1) promote the role of youth-serving organizations and school-based agricultural education in motivating and preparing young people to pursue careers in the agriculture, food, and natural resources systems;

“(2) work to help build youth awareness of the reach and importance of agriculture, across a diversity of fields and disciplines;

“(3) identify short-term and long-term interests of the Department and provide opportunities, resources, input, and coordination with programs and agencies of the Department to youth-serving organizations and school-based agricultural education, including the development of internship opportunities;

“(4) share, internally and externally, the extent to which active steps are being taken to encourage collaboration with, and support of, youth-serving organizations and school-based agricultural education;

“(5) provide information to youth involved in food and agriculture organizations concerning the availability of, and

eligibility requirements for, participation in agricultural programs, with particular emphasis on beginning farmer and rancher programs;

“(6) serve as a resource for assisting youth involved in food and agriculture organizations in applying for participation in agriculture; and

“(7) advocate on behalf of youth involved in food and agriculture organizations in interactions with employees of the Department.

“(c) **CONTRACTS AND COOPERATIVE AGREEMENTS.**—For purposes of carrying out the duties under subsection (b), the Agricultural Youth Organization Coordinator shall consult with the cooperative extension and the land-grant university systems, and may enter into contracts or cooperative agreements with the research centers of the Agricultural Research Service, cooperative extension and the land-grant university systems, non-land-grant colleges of agriculture, or nonprofit organizations for—

“(1) the conduct of regional research on the profitability of small farms;

“(2) the development of educational materials;

“(3) the conduct of workshops, courses, and certified vocational training;

“(4) the conduct of mentoring activities; or

“(5) the provision of internship opportunities.”.

SEC. 12306. AVAILABILITY OF DEPARTMENT OF AGRICULTURE PROGRAMS FOR VETERAN FARMERS AND RANCHERS.

(a) **DEFINITION OF VETERAN FARMER OR RANCHER.**—Paragraph (7) of subsection (a) (as redesignated by section 12301(b)(3)) of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended—

(1) in subparagraph (A), by striking “or” at the end;

(2) in subparagraph (B), by striking the period at the end and inserting “; or”; and

(3) by adding at the end the following:

“(C) is a veteran (as defined in section 101 of that title) who has first obtained status as a veteran (as so defined) during the most recent 10-year period.”.

(b) **FEDERAL CROP INSURANCE.**—

(1) **DEFINITION OF VETERAN FARMER OR RANCHER.**—Section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)) (as amended by section 11101) is amended by adding at the end the following:

“(14) **VETERAN FARMER OR RANCHER.**—The term ‘veteran farmer or rancher’ means a farmer or rancher who—

“(A) has served in the Armed Forces (as defined in section 101 of title 38, United States Code); and

“(B)(i) has not operated a farm or ranch;

“(ii) has operated a farm or ranch for not more than 5 years; or

“(iii) is a veteran (as defined in section 101 of that title) who has first obtained status as a veteran (as so defined) during the most recent 5-year period.”.

(2) **CROP INSURANCE.**—Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended—

(A) in subsection (b)(5)(E)—

(i) by striking “The Corporation” and inserting the following:

“(i) IN GENERAL.—The Corporation”; and

(ii) in clause (i) (as so designated), by striking the period at the end and inserting the following: “, and veteran farmers or ranchers.”

“(ii) COORDINATION.—The Corporation shall coordinate with other agencies of the Department that provide programs or services to farmers and ranchers described in clause (i) to make available coverage under the waiver under that clause and to share eligibility information to reduce paperwork and avoid duplication.”;

(B) in subsection (e)(8)—

(i) in the paragraph heading, by inserting “AND VETERAN” after “BEGINNING”; and

(ii) by inserting “or veteran farmer or rancher” after “beginning farmer or rancher” each place it appears; and

(C) in subsection (g)—

(i) in paragraph (2)(B)(iii), in the matter preceding subclause (I), by inserting “or veteran farmer or rancher” after “beginning farmer or rancher” each place it appears; and

(ii) in paragraph (4)(B)(ii)(II), by inserting “and veteran farmers or ranchers” after “beginning farmers or ranchers”.

(3) EDUCATION AND RISK MANAGEMENT ASSISTANCE.—Paragraph (3) of section 524(a) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)), as redesignated by section 11125(a)(3), is amended—

(A) in subparagraph (D)(ii), by striking “and” at the end;

(B) in subparagraph (E), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(F) veteran farmers or ranchers.”.

(c) DOWN PAYMENT LOAN PROGRAM.—Section 310E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935) is amended—

(1) in subsection (a)(1), by striking “qualified beginning farmers or ranchers and socially disadvantaged farmers or ranchers” and inserting “eligible farmers or ranchers”;

(2) in subsection (d)—

(A) in paragraph (2)(A), by striking “recipients of the loans” and inserting “farmers or ranchers”;

(B) by striking paragraph (3) and inserting the following:

“(3) encourage retiring farmers and ranchers to assist in the sale of their farms and ranches to eligible farmers or ranchers by providing seller financing;”;

(C) in paragraph (4), by striking “for beginning farmers or ranchers or socially disadvantaged farmers or ranchers” and inserting the following: “for—

“(A) beginning farmers or ranchers;

“(B) socially disadvantaged farmers or ranchers, as defined in section 355(e); or

“(C) veteran farmers or ranchers, as defined in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)); and”;

(D) in paragraph (5), by striking “a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher” and inserting “an eligible farmer or rancher”; and

(3) by striking subsection (e) and inserting the following:

“(e) DEFINITION OF ELIGIBLE FARMER OR RANCHER.—In this section, the term ‘eligible farmer or rancher’ means—

“(1) a qualified beginning farmer or rancher;

“(2) a socially disadvantaged farmer or rancher, as defined in section 355(e); and

“(3) a veteran farmer or rancher, as defined in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)).”.

(d) INTEREST RATE REDUCTION PROGRAM.—Section 351(e)(2)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999(e)(2)(B)) is amended—

(1) in the subparagraph heading, by inserting “AND VETERAN” after “BEGINNING”;

(2) in clause (i), by inserting “or veteran farmers and ranchers (as defined in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)))” before the period at the end; and

(3) in clause (ii), by striking “beginning”.

(e) NATIONAL FOOD SAFETY TRAINING, EDUCATION, EXTENSION, OUTREACH, AND TECHNICAL ASSISTANCE PROGRAM.—Section 405(c) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(c)) is amended by inserting “veteran farmers or ranchers (as defined in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a))),” after “socially disadvantaged farmers.”.

(f) ADMINISTRATION AND OPERATION OF NONINSURED CROP ASSISTANCE PROGRAM.—Section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) is amended—

(1) in subsection (k)(2), by inserting “, or a veteran farmer or rancher (as defined in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)))” before the period at the end; and

(2) in subsection (l), in paragraph (3) (as redesignated by section 1601(7)(D))—

(A) in the paragraph heading, by inserting “VETERAN,” before “AND SOCIALLY”; and

(B) by inserting “and veteran farmers or ranchers (as defined in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)))” before “in exchange”.

(g) FUNDING FOR TRANSITION OPTION FOR CERTAIN FARMERS OR RANCHERS.—Section 1241(a)(1)(B) of the Food Security Act of 1985 (16 U.S.C. 3841(a)(1)(B)) is amended by striking “beginning farmers or ranchers and socially disadvantaged farmers or ranchers” and inserting “covered farmers or ranchers, as defined in section 1235(f)(1)”.

(h) SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE.—

(1) DEFINITION OF COVERED PRODUCER.—Section 1501(a) of the Agricultural Act of 2014 (7 U.S.C. 9081(a)) is amended—

(A) by redesignating paragraphs (1) through (4) as paragraphs (2) through (5), respectively; and

(B) by inserting before paragraph (2) (as so redesignated) the following:

“(1) COVERED PRODUCER.—The term ‘covered producer’ means an eligible producer on a farm that is—

“(A) as determined by the Secretary—

“(i) a beginning farmer or rancher;

“(ii) a socially disadvantaged farmer or rancher;

or

“(iii) a limited resource farmer or rancher; or

“(B) a veteran farmer or rancher, as defined in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)).”.

(2) EMERGENCY ASSISTANCE FOR LIVESTOCK, HONEY BEES, AND FARM-RAISED FISH.—Section 1501(d) of the Agricultural Act of 2014 (7 U.S.C. 9081(d)) is amended by adding at the end the following:

“(4) PAYMENT RATE FOR COVERED PRODUCERS.—In the case of a covered producer that is eligible to receive assistance under this subsection, the Secretary shall provide reimbursement of 90 percent of the cost of losses described in paragraph (1) or (2).”.

Subtitle D—Department of Agriculture Reorganization Act of 1994 Amendments

SEC. 12401. OFFICE OF CONGRESSIONAL RELATIONS AND INTERGOVERNMENTAL AFFAIRS.

(a) ASSISTANT SECRETARIES OF AGRICULTURE.—Section 218(a)(1) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6918(a)(1)) is amended by striking “Relations” and inserting “Relations and Intergovernmental Affairs”.

(b) SUCCESSION.—Any official who is serving as the Assistant Secretary of Agriculture for Congressional Relations on the date of enactment of this Act and who was appointed by the President, by and with the advice and consent of the Senate, shall not be required to be reappointed as a result of the change made to the name of that position under the amendment made by subsection (a).

7 USC 6918 note.

SEC. 12402. MILITARY VETERANS AGRICULTURAL LIAISON.

Section 219 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6919) is amended—

(1) in subsection (b)—

(A) in paragraph (3), by striking “and” at the end;

(B) in paragraph (4), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

“(5) establish and periodically update the website described in subsection (d); and

“(6) in carrying out the duties described in paragraphs (1) through (5), consult with and provide technical assistance to any Federal agency, including the Department of Defense, the Department of Veterans Affairs, the Small Business Administration, and the Department of Labor.”; and

(2) by adding at the end the following:

“(d) WEBSITE REQUIRED.—

“(1) IN GENERAL.—The website required under subsection (b)(5) shall include the following:

“(A) Positions identified within the Department of Agriculture that are available to veterans for apprenticeships.

“(B) Apprenticeships, programs of training on the job, and programs of education that are approved for purposes of chapter 36 of title 38, United States Code.

“(C) Employment skills training programs for members of the Armed Forces carried out pursuant to section 1143(e) of title 10, United States Code.

“(D) Information designed to assist businesses, non-profit entities, educational institutions, and farmers interested in developing apprenticeships, on-the-job training, educational, or entrepreneurial programs for veterans in navigating the process of having a program approved by a State approving agency for purposes of chapter 36 of title 38, United States Code, including—

“(i) contact information for relevant offices in the Department of Defense, Department of Veterans Affairs, Department of Labor, and Small Business Administration;

“(ii) basic requirements for approval by each State approving agency;

“(iii) recommendations with respect to training and coursework to be used during apprenticeships or on-the-job training that will enable a veteran to be eligible for agricultural programs; and

“(iv) examples of successful programs and curriculums that have been approved for purposes of chapter 36 of title 38, United States Code (with consent of the organization and without any personally identifiable information).

“(2) REVIEW OF WEBSITE.—

“(A) IN GENERAL.—Not later than 5 years after the date of enactment of this paragraph, and once every 5 years thereafter, the Secretary shall conduct a study to determine if the website required under subsection (b)(5) is effective in providing veterans the information required under paragraph (1).

“(B) INEFFECTIVE WEBSITE.—If the Secretary determines that the website is not effective under subparagraph (A), the Secretary shall—

“(i) notify the agriculture and veterans committees described in subparagraph (C) of that determination; and

“(ii) not earlier than 180 days after the date on which the Secretary provides notice under clause (i), terminate the website.

“(C) AGRICULTURE AND VETERANS COMMITTEES.—The agriculture and veterans committees referred to in subparagraph (B)(i) are—

“(i) the Committee on Agriculture of the House of Representatives;

“(ii) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

“(iii) the Committee on Veterans’ Affairs of the House of Representatives; and

“(iv) the Committee on Veterans’ Affairs of the Senate.

“(e) CONSULTATION REQUIRED.—In carrying out this section, the Secretary shall consult with organizations that serve veterans.

“(f) REPORT.—

“(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, and annually thereafter, the Military Veterans Agricultural Liaison shall submit a report on beginning farmer training for veterans and agricultural vocational and rehabilitation programs for veterans to—

“(A) the Committee on Agriculture of the House of Representatives;

“(B) the Committee on Veterans’ Affairs of the House of Representatives;

“(C) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

“(D) the Committee on Veterans’ Affairs of the Senate.

“(2) CONTENTS OF REPORT.—The report submitted under paragraph (1) shall include—

“(A) a summary of the measures taken to carry out subsections (b) and (c);

“(B) a description of the information provided to veterans under paragraphs (1) and (2) of subsection (b);

“(C) recommendations for best informing veterans of the programs described in paragraphs (1) and (2) of subsection (b);

“(D) a summary of the contracts or cooperative agreements entered into under subsection (c);

“(E) a description of the programs implemented under subsection (c);

“(F) a summary of the employment outreach activities directed to veterans;

“(G) recommendations for how opportunities for veterans in agriculture should be developed or expanded;

“(H) a summary of veteran farm lending data and a summary of shortfalls, if any, identified by the Military Veterans Agricultural Liaison in collecting data with respect to veterans engaged in agriculture; and

“(I) recommendations, if any, on how to improve activities under subsection (b).

“(g) PUBLIC DISSEMINATION OF INFORMATION.—

“(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, and annually thereafter, the Military Veterans Agricultural Liaison shall make publicly available and share broadly, including by posting on the website of the Department—

“(A) the report of the Military Veterans Agricultural Liaison on beginning farmer training for veterans and agricultural vocational and rehabilitation programs; and

“(B) the information disseminated under paragraphs (1) and (2) of subsection (b).

“(2) FURTHER DISSEMINATION.—Not later than the day before the date on which the Military Veterans Agricultural

Liaison makes publicly available the information under paragraph (1), the Military Veterans Agricultural Liaison shall provide that information to the Department of Defense, the Department of Veterans Affairs, the Small Business Administration, and the Department of Labor.”.

SEC. 12403. CIVIL RIGHTS ANALYSES.

(a) **IN GENERAL.**—The Secretary shall conduct civil rights impact analyses in accordance with Departmental Regulation 4300-004 issued by the Department of Agriculture on October 17, 2016, with respect to the Department of Agriculture’s employment, federally-conducted programs and activities, and federally-assisted programs and activities.

(b) **STUDY; REPORT.**—

(1) **STUDY.**—Not later than 2 years after the date of enactment of this Act, the Comptroller General of the United States (referred to in this section as the “Comptroller General”) shall conduct a study describing—

(A) the effectiveness of the Department of Agriculture in processing and resolving civil rights complaints;

(B) minority participation rates in farm programs, including a comparison of overall farmer and rancher participation with minority farmer and rancher participation by considering particular aspects of the programs of the Department of Agriculture for producers, such as ownership status, program participation, usage of permits, and waivers;

(C) the realignment of the civil rights functions of the Department of Agriculture, as outlined in Secretarial Memorandum 1076–023 (March 9, 2018), including an analysis of whether that realignment has any negative implications on the civil rights functions of the Department;

(D) efforts of the Department of Agriculture to identify actions, programs, or activities of the Department of Agriculture that may adversely affect employees, contractors, or beneficiaries (including participants) of the action, program, or activity based on the membership of the employees, contractors, or beneficiaries in a group that is protected under Federal law from discrimination in employment, contracting, or provision of an action, program, or activity, as applicable; and

(E) efforts of the Department of Agriculture to strategically plan actions to decrease discrimination and civil rights complaints within the Department of Agriculture or in the carrying out of the programs and authorities of the Department of Agriculture.

(2) **REPORT.**—Not later than 60 days after the date of completion of the study under paragraph (1), the Comptroller General shall submit a report describing the results of the study to—

(A) the Committee on Agriculture of the House of Representatives; and

(B) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 12404. FARM SERVICE AGENCY.

(a) **IN GENERAL.**—Section 226 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6932) is amended—

(1) in the section heading, by striking “**CONSOLIDATED FARM**” and inserting “**FARM**”;

(2) in subsection (b), in the subsection heading, by striking “**OF CONSOLIDATED FARM SERVICE AGENCY**”; and

(3) by striking “Consolidated Farm” each place it appears and inserting “Farm”.

(b) **CONFORMING AMENDMENTS.**—

(1) Section 246 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962) is amended—

(A) in subsection (c), by striking “Consolidated Farm” each place it appears and inserting “Farm”; and

(B) in subsection (e)(2), by striking “Consolidated Farm” each place it appears and inserting “Farm”.

(2) Section 271(2)(A) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6991(2)(A)) is amended by striking “Consolidated Farm” each place it appears and inserting “Farm”.

(3) Section 275(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6995(b)) is amended by striking “Consolidated Farm” each place it appears and inserting “Farm”.

SEC. 12405. UNDER SECRETARY OF AGRICULTURE FOR FARM PRODUCTION AND CONSERVATION.

(a) **OFFICE OF RISK MANAGEMENT.**—Section 226A(d)(1) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6933(d)(1)) is amended by striking “Under Secretary of Agriculture for Farm and Foreign Agricultural Services” and inserting “Under Secretary of Agriculture for Farm Production and Conservation”.

(b) **MULTIAGENCY TASK FORCE.**—Section 242(b)(3) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6952(b)(3)) is amended by striking “Under Secretary for Farm and Foreign Agricultural Services” and inserting “Under Secretary of Agriculture for Farm Production and Conservation”.

(c) **FOOD AID CONSULTATIVE GROUP.**—Section 205(b)(2) of the Food for Peace Act (7 U.S.C. 1725(b)(2)) is amended by striking “Under Secretary of Agriculture for Farm and Foreign Agricultural Services” and inserting “Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs”.

(d) **INTERAGENCY COMMITTEE ON MINORITY CAREERS IN INTERNATIONAL AFFAIRS.**—Section 625(c)(1)(A) of the Higher Education Act of 1965 (20 U.S.C. 1131c(c)(1)(A)) is amended by striking “Under Secretary” and all that follows through “designee” and inserting “Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs, or the designee of that Under Secretary”.

SEC. 12406. OFFICE OF PARTNERSHIPS AND PUBLIC ENGAGEMENT.

(a) **CHANGING NAME OF OFFICE.**—

(1) **IN GENERAL.**—Section 226B of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6934) is amended—

(A) in the section heading, by striking “**ADVOCACY AND OUTREACH**” and inserting “**PARTNERSHIPS AND PUBLIC ENGAGEMENT**”; and

(B) by striking “Advocacy and Outreach” each place it appears in subsections (a)(2), (b)(1), and (d)(4)(B) and inserting “Partnerships and Public Engagement”.

7 USC 6934 note.

(2) REFERENCES.—Beginning on the date of the enactment of this Act, any reference to the Office of Advocacy and Outreach established under section 226B of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6934) in any provision of Federal law shall be deemed to be a reference to the Office of Partnerships and Public Engagement.

(b) INCREASING OUTREACH.—Section 226B of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6934), as amended by subsection (a), is further amended—

(1) in subsection (b)(1)—

(A) in subparagraph (A), by striking “and” at the end;

(B) in subparagraph (B)—

(i) in clause (ii), by striking “and” at the end;

(ii) in clause (iii), by striking the period at the end and inserting a semicolon; and

(iii) by adding at the end the following new clauses:

“(iv) limited resource producers; and

“(v) veteran farmers and ranchers; and”;

(C) by adding at the end the following new subparagraph:

“(C) to promote youth outreach.”; and

(2) in subsection (c)—

(A) in the matter preceding paragraph (1), by inserting “veteran farmers and ranchers,” after “beginning farmers or ranchers,”;

(B) in paragraph (1), by striking “or socially disadvantaged” and inserting “socially disadvantaged, or veteran”; and

(C) in paragraph (5), by inserting “veteran farmers or ranchers,” after “beginning farmers or ranchers,”.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 226B(f)(3)(B) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6934(f)(3)(B)) is amended by striking “2018” and inserting “2023”.

SEC. 12407. UNDER SECRETARY OF AGRICULTURE FOR RURAL DEVELOPMENT.

Section 231 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6941) is amended—

(1) in subsection (a), by striking “is authorized to” and inserting “shall”; and

(2) in subsection (b), by striking “If the Secretary” and all that follows through “the Under Secretary shall” and inserting “The Under Secretary of Agriculture for Rural Development shall”.

SEC. 12408. ADMINISTRATOR OF THE RURAL UTILITIES SERVICE.

(a) RATE OF PAY.—

(1) IN GENERAL.—Section 232(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6942(b)) is amended to read as follows:

“(b) ADMINISTRATOR.—

“(1) APPOINTMENT.—The Rural Utilities Service shall be headed by an Administrator who shall be appointed by the President.

“(2) COMPENSATION.—The Administrator of the Rural Utilities Service shall receive basic pay at a rate not to exceed the maximum amount of compensation payable to a member

of the Senior Executive Service under subsection (b) of section 5382 of title 5, United States Code.”

(2) CONFORMING AMENDMENT.—Section 5315 of title 5, United States Code, is amended by striking “Administrator, Rural Utilities Service, Department of Agriculture.”

(b) OTHER AMENDMENT RELATING TO ADMINISTRATOR.—Section 748 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002 (7 U.S.C. 918b) is amended by inserting “the Secretary of Agriculture, acting through” before “the Administrator of the Rural Utilities Service”.

SEC. 12409. RURAL HEALTH LIAISON.

Subtitle C of title II of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6941 et seq.) is amended by adding at the end the following:

“SEC. 236. RURAL HEALTH LIAISON.

7 USC 6946.

“(a) AUTHORIZATION.—The Secretary shall establish in the Department the position of Rural Health Liaison.

“(b) DUTIES.—The Rural Health Liaison shall—

“(1) in consultation with the Secretary of Health and Human Services, coordinate the role of the Department with respect to rural health;

“(2) integrate across the Department the strategic planning and activities relating to rural health;

“(3) improve communication relating to rural health within the Department and between Federal agencies;

“(4) advocate on behalf of the health care and relevant infrastructure needs in rural areas;

“(5) provide to stakeholders, potential grant applicants, Federal agencies, State agencies, Indian Tribes, private organizations, and academic institutions relevant data and information, including the eligibility requirements for, and availability and outcomes of, Department programs applicable to the advancement of rural health;

“(6) maintain communication with public health, medical, occupational safety, and telecommunication associations, research entities, and other stakeholders to ensure that the Department is aware of current and upcoming issues relating to rural health;

“(7) consult on programs, pilot projects, research, training, and other affairs relating to rural health at the Department and other Federal agencies;

“(8) provide expertise on rural health to support the activities of the Secretary as Chair of the Council on Rural Community Innovation and Economic Development; and

“(9) provide technical assistance and guidance with respect to activities relating to rural health to the outreach, extension, and county offices of the Department.”

SEC. 12410. NATURAL RESOURCES CONSERVATION SERVICE.

(a) FIELD OFFICES.—Section 246 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962) (as amended by section 12404(b)(1)) is amended by adding at the end the following:

“(g) FIELD OFFICES.—

“(1) IN GENERAL.—The Secretary shall not close any field office of the Natural Resources Conservation Service unless,

not later than 30 days before the date of the closure, the Secretary submits to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a notification of the closure.

“(2) EMPLOYEES.—The Secretary shall not permanently relocate any field-based employees of the Natural Resources Conservation Service or the rural development mission area if doing so would result in a field office of the Natural Resources Conservation Service or the rural development mission area with 2 or fewer employees, unless, not later than 30 days before the date of the permanent relocation, the Secretary submits to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a notification of the permanent relocation.

“(3) SUNSET.—The requirements under paragraphs (1) and (2) shall cease to be effective on September 30, 2023.”.

(b) TECHNICAL CORRECTIONS.—Section 246 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962) (as amended by subsection (a)) is further amended—

(1) in subsection (b)—

(A) by striking paragraph (2);

(B) by redesignating paragraphs (3) through (6) as paragraphs (2) through (5), respectively;

(C) in paragraph (4) (as so redesignated), by inserting “; Public Law 101-624” after “note”; and

(D) in paragraph (5) (as so redesignated), by striking “3831-3836” and inserting “3831 et seq.”; and

(2) in subsection (c), in the matter preceding paragraph (1), by striking “paragraphs (1), (2), and (4) of subsection (b) and the program under subchapter C of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837-3837f)” and inserting “paragraphs (1) and (3) of subsection (b)”.

(c) RELOCATION IN ACT.—

(1) IN GENERAL.—Section 246 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962) (as amended by subsections (a) and (b)) is—

(A) redesignated as section 228; and

(B) moved so as to appear at the end of subtitle B of title II (7 U.S.C. 6931 et seq.).

(2) CONFORMING AMENDMENTS.—

(A) Section 226 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6932) (as amended by section 12404(a)) is amended—

(i) in subsection (b)(5), by striking “section 246(b)” and inserting “section 228(b)”; and

(ii) in subsection (g)(2), by striking “section 246(b)” and inserting “section 228(b)”.

(B) Section 271(2)(F) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6991(2)(F)) is amended by striking “section 246(b)” and inserting “section 228(b)”.

SEC. 12411. OFFICE OF THE CHIEF SCIENTIST.

(a) IN GENERAL.—Section 251(e) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971(e)) is amended—

(1) in the subsection heading, by striking “RESEARCH, EDUCATION, AND EXTENSION OFFICE” and inserting “OFFICE OF THE CHIEF SCIENTIST”;

(2) in paragraph (1), by striking “Research, Education, and Extension Office” and inserting “Office of the Chief Scientist”;

(3) in paragraph (2), in the matter preceding subparagraph (A), by striking “Research, Education, and Extension Office” and inserting “Office of the Chief Scientist”;

(4) in paragraph (3)(C), by striking “subparagraph (A) shall not exceed 4 years” and inserting “clauses (i) and (iii) of subparagraph (A) shall be for not less than 3 years”;

(5) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively;

(6) by inserting after paragraph (3) the following:

“(4) ADDITIONAL LEADERSHIP DUTIES.—In addition to selecting the Division Chiefs under paragraph (3), using available personnel authority under title 5, United States Code, the Under Secretary shall select personnel—

“(A) to oversee implementation, training, and compliance with the scientific integrity policy of the Department;

“(B)(i) to integrate strategic program planning and evaluation functions across the programs of the Department; and

“(ii) to help prepare the annual report to Congress on the relevance and adequacy of programs under the jurisdiction of the Under Secretary;

“(C) to assist the Chief Scientist in coordinating the international engagements of the Department with the Department of State and other international agencies and offices of the Federal Government; and

“(D) to oversee other duties as may be required by Federal law or Department policy.”;

(7) in paragraph (5) (as so redesignated)—

(A) in subparagraph (A), by striking “Notwithstanding” and inserting the following:

“(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as are necessary to fund the costs of Division personnel.

“(ii) ADDITIONAL FUNDING.—In addition to amounts made available under clause (i), notwithstanding”; and

(B) in subparagraph (C)—

(i) in clause (i), by striking “and” at the end;

(ii) in clause (ii), by striking the period at the end and inserting “; and”; and

(iii) by adding at the end the following:

“(iii) provides strong staff continuity to the Office of the Chief Scientist.”; and

(8) in paragraph (6) (as so redesignated), by striking “Research, Education and Extension Office” and inserting “Office of the Chief Scientist”.

(b) CONFORMING AMENDMENTS.—

(1) Section 251(f)(5)(B) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971(f)(5)(B)) is amended by striking “Research, Education and Extension Office” and inserting “Office of the Chief Scientist”.

(2) Section 296(b)(6)(B) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7014(b)(6)(B)) is amended by striking “Research, Education, and Extension Office” and inserting “Office of the Chief Scientist”.

SEC. 12412. APPOINTMENT OF NATIONAL APPEALS DIVISION HEARING OFFICERS.

Section 272(e) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6992(e)) is amended to read as follows:

“(e) DIVISION PERSONNEL.—

“(1) IN GENERAL.—The Director shall recommend to the Secretary persons for appointment as hearing officers as are necessary for the conduct of hearings under section 277. The Director shall appoint such other employees as are necessary for the administration of the Division. A hearing officer or other employee of the Division shall have no duties other than those that are necessary to carry out this subtitle. Each position of the Division shall be filled by an individual who is not a political appointee.

“(2) POLITICAL APPOINTEE.—In this subsection, the term ‘political appointee’ means an individual occupying—

“(A) a position described under sections 5312 through 5316 of title 5, United States Code (relating to the Executive Schedule);

“(B) a noncareer position in the Senior Executive Service, as described under section 3132(a)(7) of that title;

“(C) a position in the executive branch of the Government of a confidential or policy-determining character under schedule C of subpart C of part 213 of title 5, Code of Federal Regulations; or

“(D) a position which has been excepted from the competitive service by reason of its confidential, policy-determining, policy-making, or policy-advocating character.”.

SEC. 12413. TRADE AND FOREIGN AGRICULTURAL AFFAIRS.

The Department of Agriculture Reorganization Act of 1994 is amended—

(1) by redesignating subtitle J (7 U.S.C. 7011 et seq.) as subtitle K; and

(2) by inserting after subtitle I (7 U.S.C. 7005 et seq.) the following:

**“Subtitle J—Trade and Foreign
Agricultural Affairs**

7 USC 7007.

“SEC. 287. UNDER SECRETARY OF AGRICULTURE FOR TRADE AND FOREIGN AGRICULTURAL AFFAIRS.

“(a) ESTABLISHMENT.—There is established in the Department the position of Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs.

“(b) APPOINTMENT.—The Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs shall be appointed by the President, by and with the advice and consent of the Senate.

“(c) FUNCTIONS.—

“(1) **PRINCIPAL FUNCTIONS.**—The Secretary shall delegate to the Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs those functions and duties under the jurisdiction of the Department that are related to trade and foreign agricultural affairs.

“(2) **ADDITIONAL FUNCTIONS.**—The Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs shall perform such other functions and duties as may be—

“(A) required by law; or

“(B) prescribed by the Secretary.”.

SEC. 12414. REPEALS.

(a) **DEPARTMENT OF AGRICULTURE REORGANIZATION ACT OF 1994.**—The following provisions of the Department of Agriculture Reorganization Act of 1994 are repealed:

- (1) Section 211 (7 U.S.C. 6911).
- (2) Section 213 (7 U.S.C. 6913).
- (3) Section 214 (7 U.S.C. 6914).
- (4) Section 217 (7 U.S.C. 6917).
- (5) Section 247 (7 U.S.C. 6963).
- (6) Section 252 (7 U.S.C. 6972).
- (7) Section 295 (7 U.S.C. 7013).

(b) **OTHER PROVISION.**—Section 3208 of the Agricultural Act of 2014 (7 U.S.C. 6935) is repealed.

(c) **RULE OF CONSTRUCTION.**—Nothing in the amendments made by this section shall be construed as affecting—

7 USC 6911 note.

(1) the authority of the Secretary to continue to carry out a function vested in, and performed by, the Secretary as of the date of enactment of this Act under any provision of Federal law other than the provisions repealed by subsections (a) and (b); or

(2) the authority of an agency, office, officer, or employee of the Department of Agriculture to continue to perform all functions delegated or assigned to the agency, office, officer, or employee as of the date of enactment of this Act any provision of Federal law other than the provisions repealed by subsections (a) and (b).

SEC. 12415. TECHNICAL CORRECTIONS.

(a) **OFFICE OF RISK MANAGEMENT.**—Section 226A(a) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6933(a)) is amended by striking “Subject to subsection (e), the Secretary” and inserting “The Secretary”.

(b) **CORRECTION OF ERROR.**—

(1) **ASSISTANT SECRETARIES OF AGRICULTURE.**—Section 218 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6918) (as in effect on the day before the effective date of the amendments made by section 2(a)(1) of the Presidential Appointment Efficiency and Streamlining Act of 2011 (Public Law 112–166; 126 Stat. 1283, 1295)) is amended by striking “Senate.” in subsection (b) and all that follows through “responsibility for—” in the matter preceding paragraph (1) of subsection (d) and inserting the following: “Senate.”

“(c) **DUTIES OF ASSISTANT SECRETARY OF AGRICULTURE FOR CIVIL RIGHTS.**—The Secretary may delegate to the Assistant Secretary for Civil Rights responsibility for—”.

(2) **EFFECTIVE DATE.**—The amendments made by paragraph

7 USC 6918 note.

(1) take effect on the effective date described in section 6(a)

of the Presidential Appointment Efficiency and Streamlining Act of 2011 (Public Law 112–166; 126 Stat. 1295).

SEC. 12416. TERMINATION OF AUTHORITY.

Section 296(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7014(b)) is amended by adding at the end the following:

“(9) The authority of the Secretary to carry out the amendments made to this title by section 772 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2018.

“(10) The authority of the Secretary to carry out the amendments made to this title by the Agriculture Improvement Act of 2018.”.

Subtitle E—Other Miscellaneous Provisions

PART I—MISCELLANEOUS AGRICULTURE PROVISIONS

SEC. 12501. ACER ACCESS AND DEVELOPMENT PROGRAM.

Section 12306(f) of the Agricultural Act of 2014 (7 U.S.C. 1632c(f)) is amended by striking “2018” and inserting “2023”.

SEC. 12502. PROTECTING ANIMALS WITH SHELTER.

(a) **CRIMES RELATED TO DOMESTIC VIOLENCE AND STALKING TARGETING PETS.**—

(1) **INTERSTATE STALKING.**—Section 2261A of title 18, United States Code, is amended—

(A) in paragraph (1)(A)—

(i) in clause (ii), by striking “or” at the end; and

(ii) by inserting after clause (iii) the following:

“(iv) the pet, service animal, emotional support animal, or horse of that person; or”; and

(B) in paragraph (2)(A)—

(i) by inserting after “to a person” the following: “, a pet, a service animal, an emotional support animal, or a horse”; and

(ii) by striking “or (iii)” and inserting “(iii), or (iv)”.

(2) **INTERSTATE VIOLATION OF PROTECTION ORDER.**—Section 2262 of title 18, United States Code, is amended—

(A) in subsection (a)—

(i) in paragraph (1), by inserting after “another person” the following: “or the pet, service animal, emotional support animal, or horse of that person”; and

(ii) in paragraph (2), by inserting after “proximity to, another person” the following “or the pet, service animal, emotional support animal, or horse of that person”; and

(B) in subsection (b)(5), by inserting after “in any other case,” the following: “including any case in which the offense is committed against a pet, service animal, emotional support animal, or horse,”.

(3) RESTITUTION TO INCLUDE VETERINARY SERVICES.—Section 2264 of title 18, United States Code, is amended in subsection (b)(3)—

- (A) by redesignating subparagraph (F) as subparagraph (G);
- (B) in subparagraph (E), by striking “and” at the end; and
- (C) by inserting after subparagraph (E) the following:
 - “(F) veterinary services relating to physical care for the victim’s pet, service animal, emotional support animal, or horse; and”.

(4) DEFINITIONS.—Section 2266 of title 18, United States Code, is amended by inserting after paragraph (10) the following:

“(11) PET.—The term ‘pet’ means a domesticated animal, such as a dog, cat, bird, rodent, fish, turtle, or other animal that is kept for pleasure rather than for commercial purposes.

“(12) EMOTIONAL SUPPORT ANIMAL.—The term ‘emotional support animal’ means an animal that is covered by the exclusion specified in section 5.303 of title 24, Code of Federal Regulations (or a successor regulation), and that is not a service animal.

“(13) SERVICE ANIMAL.—The term ‘service animal’ has the meaning given the term in section 36.104 of title 28, Code of Federal Regulations (or a successor regulation).”.

(b) EMERGENCY AND TRANSITIONAL PET SHELTER AND HOUSING ASSISTANCE GRANT PROGRAM.— 34 USC 20127.

(1) GRANT PROGRAM.—

(A) IN GENERAL.—The Secretary, acting in consultation with the Office of the Violence Against Women of the Department of Justice, the Secretary of Housing and Urban Development, and the Secretary of Health and Human Services, shall award grants under this subsection to eligible entities to carry out programs to provide the assistance described in paragraph (3) with respect to victims of domestic violence, dating violence, sexual assault, or stalking and the pets, service animals, emotional support animals, or horses of such victims.

(B) MEMORANDUM OF UNDERSTANDING.—The Secretary may enter into a memorandum of understanding with the head of another Department or agency, as appropriate, to carry out any of the authorities provided to the Secretary under this section.

(2) APPLICATION.—

(A) IN GENERAL.—An eligible entity seeking a grant under this subsection shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require, including—

- (i) a description of the activities for which a grant under this subsection is sought;
- (ii) such assurances as the Secretary determines to be necessary to ensure compliance by the entity with the requirements of this subsection; and
- (iii) a certification that the entity, before engaging with any individual domestic violence victim, will disclose to the victim any mandatory duty of the entity

to report instances of abuse and neglect (including instances of abuse and neglect of pets, service animals, emotional support animals, or horses).

(B) ADDITIONAL REQUIREMENTS.—In addition to the requirements of subparagraph (A), each application submitted by an eligible entity under that subparagraph shall—

(i) not include proposals for any activities that may compromise the safety of a domestic violence victim, including—

(I) background checks of domestic violence victims; or

(II) clinical evaluations to determine the eligibility of such a victim for support services;

(ii) not include proposals that would require mandatory services for victims or that a victim obtain a protective order in order to receive proposed services; and

(iii) reflect the eligible entity's understanding of the dynamics of domestic violence, dating violence, sexual assault, or stalking.

(C) RULES OF CONSTRUCTION.—Nothing in this paragraph shall be construed to require—

(i) domestic violence victims to participate in the criminal justice system in order to receive services; or

(ii) eligible entities receiving a grant under this subsection to breach client confidentiality.

(3) USE OF FUNDS.—Grants awarded under this subsection may only be used for programs that provide—

(A) emergency and transitional shelter and housing assistance for domestic violence victims with pets, service animals, emotional support animals, or horses, including assistance with respect to any construction or operating expenses of newly developed or existing emergency and transitional pet, service animal, emotional support animal, or horse shelter and housing (regardless of whether such shelter and housing is co-located at a victim service provider or within the community);

(B) short-term shelter and housing assistance for domestic violence victims with pets, service animals, emotional support animals, or horses, including assistance with respect to expenses incurred for the temporary shelter, housing, boarding, or fostering of the pets, service animals, emotional support animals, or horses of domestic violence victims and other expenses that are incidental to securing the safety of such a pet, service animal, emotional support animal, or horse during the sheltering, housing, or relocation of such victims;

(C) support services designed to enable a domestic violence victim who is fleeing a situation of domestic violence, dating violence, sexual assault, or stalking to—

(i) locate and secure—

(I) safe housing with the victim's pet, service animal, emotional support animal, or horse; or

- (II) safe accommodations for the victim’s pet, service animal, emotional support animal, or horse; or
 - (ii) provide the victim with pet, service animal, emotional support animal, or horse related services, such as transportation, care services, and other assistance; or
 - (D) for the training of relevant stakeholders on—
 - (i) the link between domestic violence, dating violence, sexual assault, or stalking and the abuse and neglect of pets, service animals, emotional support animals, and horses;
 - (ii) the needs of domestic violence victims;
 - (iii) best practices for providing support services to such victims;
 - (iv) best practices for providing such victims with referrals to victims’ services; and
 - (v) the importance of confidentiality.
- (4) GRANT CONDITIONS.—An eligible entity that receives a grant under this subsection shall, as a condition of such receipt, agree—
- (A) to be bound by the nondisclosure of confidential information requirements of section 40002(b)(2) of the Violence Against Women Act of 1994 (34 U.S.C. 12291(b)(2)); and
 - (B) that the entity shall not condition the receipt of support, housing, or other benefits provided pursuant to this subsection on the participation of domestic violence victims in any or all of the support services offered to such victims through a program carried out by the entity using grant funds.
- (5) DURATION OF ASSISTANCE PROVIDED TO VICTIMS.—
- (A) IN GENERAL.—Subject to subparagraph (B), assistance provided with respect to a pet, service animal, emotional support animal, or horse of a domestic violence victim using grant funds awarded under this subsection shall be provided for a period of not more than 24 months.
 - (B) EXTENSION.—An eligible entity that receives a grant under this subsection may extend the 24-month period referred to in subparagraph (A) for a period of not more than 6 months in the case of a domestic violence victim who—
 - (i) has made a good faith effort to acquire permanent housing for the victim and the victim’s pet, service animal, emotional support animal, or horse during that 24-month period; and
 - (ii) has been unable to acquire such permanent housing within that period.
- (6) REPORT TO THE SECRETARY.—Not later than 1 year after the date on which an eligible entity receives a grant under this subsection and each year thereafter in which the grant funds are used, the entity shall submit to the Secretary a report that contains, with respect to assistance provided by the entity to domestic violence victims with pets, service animals, emotional support animals, or horses using grant funds received under this subsection, information on—

(A) the number of domestic violence victims with pets, service animals, emotional support animals, or horses provided such assistance; and

(B) the purpose, amount, type of, and duration of such assistance.

(7) REPORT TO CONGRESS.—

(A) REPORTING REQUIREMENT.—Not later than November 1 of each even-numbered fiscal year, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that contains a compilation of the information contained in the reports submitted under paragraph (6).

(B) AVAILABILITY OF REPORT.—The Secretary shall transmit a copy of the report submitted under subparagraph (A) to—

(i) the Office on Violence Against Women of the Department of Justice;

(ii) the Office of Community Planning and Development of the Department of Housing and Urban Development; and

(iii) the Administration for Children and Families of the Department of Health and Human Services.

(8) AUTHORIZATION OF APPROPRIATIONS.—

(A) IN GENERAL.—There is authorized to be appropriated to carry out this subsection \$3,000,000 for each of fiscal years 2019 through 2023.

(B) LIMITATION.—Of the amount made available under subparagraph (A) in any fiscal year, not more than 5 percent may be used for evaluation, monitoring, salaries, and administrative expenses.

(9) DEFINITIONS.—In this subsection:

(A) DOMESTIC VIOLENCE VICTIM DEFINED.—The term “domestic violence victim” means a victim of domestic violence, dating violence, sexual assault, or stalking.

(B) ELIGIBLE ENTITY.—The term “eligible entity” means—

(i) a State;

(ii) a unit of local government;

(iii) an Indian tribe; or

(iv) any other organization that has a documented history of effective work concerning domestic violence, dating violence, sexual assault, or stalking (as determined by the Secretary), including—

(I) a domestic violence and sexual assault victim service provider;

(II) a domestic violence and sexual assault coalition;

(III) a community-based and culturally specific organization;

(IV) any other nonprofit, nongovernmental organization; and

(V) any organization that works directly with pets, service animals, emotional support animals, or horses and collaborates with any organization referred to in clauses (i) through (iv), including—

(aa) an animal shelter; and

(bb) an animal welfare organization.

(C) **EMOTIONAL SUPPORT ANIMAL.**—The term “emotional support animal” means an animal that is covered by the exclusion specified in section 5.303 of title 24, Code of Federal Regulations (or a successor regulation), and that is not a service animal.

(D) **PET.**—The term “pet” means a domesticated animal, such as a dog, cat, bird, rodent, fish, turtle, or other animal that is kept for pleasure rather than for commercial purposes.

(E) **SERVICE ANIMAL.**—The term “service animal” has the meaning given the term in section 36.104 of title 28, Code of Federal Regulations (or a successor regulation).

(F) **OTHER TERMS.**—Except as otherwise provided in this subsection, terms used in this section shall have the meaning given such terms in section 40002(a) of the Violence Against Women Act of 1994 (34 U.S.C. 12291(a)).

(c) **SENSE OF CONGRESS.**—It is the sense of Congress that States should encourage the inclusion of protections against violent or threatening acts against the pet, service animal, emotional support animal, or horse of a person in domestic violence protection orders.

SEC. 12503. MARKETING ORDERS.

Section 8e(a) of the Agricultural Adjustment Act (7 U.S.C. 608e-1(a)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by inserting “cherries, pecans,” after “walnuts,”.

SEC. 12504. ESTABLISHMENT OF FOOD LOSS AND WASTE REDUCTION LIAISON.

Subtitle A of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6901 et seq.), as amended by sections 12202, 12302, and 12403, is further amended by adding at the end the following:

“SEC. 224. FOOD LOSS AND WASTE REDUCTION LIAISON.

7 USC 6924.

“(a) **ESTABLISHMENT.**—The Secretary shall establish a Food Loss and Waste Reduction Liaison to coordinate Federal, State, local, and nongovernmental programs, and other efforts, to measure and reduce the incidence of food loss and waste in accordance with this section.

“(b) **IN GENERAL.**—The Food Loss and Waste Reduction Liaison shall—

“(1) coordinate food loss and waste reduction efforts within the Department of Agriculture and with other Federal agencies, including the Environmental Protection Agency and the Food and Drug Administration;

“(2) support and promote Federal programs to measure and reduce the incidence of food loss and waste and increase food recovery;

“(3) provide information to, and serve as a resource for, entities engaged in food loss and waste reduction and food recovery, including information about the availability of, and eligibility requirements for, participation in Federal, State, local, and nongovernmental programs;

“(4) raise awareness of the liability protections afforded under the Bill Emerson Good Samaritan Food Donation Act

(42 U.S.C. 1791) to persons engaged in food loss and waste reduction and food recovery; and

“(5) make recommendations with respect to expanding innovative food recovery models and reducing the incidence of food loss and waste.

“(c) COOPERATIVE AGREEMENTS.—For purposes of carrying out the duties under subsection (b), the Food Loss and Waste Reduction Liaison may enter into contracts or cooperative agreements with the research centers of the Research, Education, and Economics mission area, institutions of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)), or nonprofit organizations for—

“(1) the development of educational materials;

“(2) the conduct of workshops and courses; or

“(3) the conduct of research on best practices with respect to food loss and waste reduction and food recovery.

“(d) STUDY ON FOOD WASTE.—The Secretary shall conduct a study, in consultation with the Food Loss and Waste Reduction Liaison, to evaluate and determine—

“(1) methods of measuring food waste;

“(2) standards for the volume of food waste;

“(3) factors that contribute to food waste;

“(4) the cost and volume of food loss;

“(5) the effectiveness of existing liability protections afforded under the Bill Emerson Good Samaritan Food Donation Act (42 U.S.C. 1791); and

“(6) measures to ensure that programs contemplated, undertaken, or funded by the Department of Agriculture do not disrupt existing food waste recovery and disposal efforts by commercial, marketing, or business relationships.

“(e) REPORTS.—

“(1) INITIAL REPORT.—Not later than 1 year after the date of enactment of this section, the Food Loss and Waste Liaison shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the study conducted under subsection (d).

“(2) REPORT.—Not later than 1 year after the date of the submission of the report under paragraph (1), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that contains, with respect to the preceding year—

“(A) an estimate of the quantity of food waste during such year; and

“(B) the results of the food waste reduction and loss prevention activities carried out or led by the Department of Agriculture.”.

SEC. 12505. REPORT ON BUSINESS CENTERS.

(a) IN GENERAL.—Not later than 365 days after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating each business center established in the Department of Agriculture.

(b) INCLUSIONS.—The report under subsection (a) shall include—

(1) an examination of the effectiveness of each business center in carrying out its mission, including any recommendations to improve the operation of and function of any of those business centers; and

(2) an evaluation of—

(A) the impact the business centers have on customer service of the Department of Agriculture;

(B) the impact on the annual budget for agencies the budget offices of which have been relocated to the business center, and the effectiveness of funds used to support the business centers, including an accounting of all discretionary and mandatory funding provided to the business center for conservation and farm services from—

(i) the Natural Resources Conservation Service;

(ii) the Farm Service Agency; and

(iii) the Risk Management Agency;

(C) funding described in subparagraph (B) spent on information technology modernizations;

(D) the impact that the business centers have had on the human resources of the Department of Agriculture, including hiring;

(E) any concerns or problems with the business centers; and

(F) any positive or negative impact that the business centers have had on the functionality of the Department of Agriculture.

SEC. 12506. REPORT ON PERSONNEL.

For the period of fiscal years 2019 through 2023, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a biannual report describing the number of staff years and employees of each agency of the Department of Agriculture.

SEC. 12507. REPORT ON ABSENT LANDLORDS.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to Congress a report describing the effects of absent landlords on the long-term economic health of agricultural production, including the effect of absent landlords on—

(1) land valuation;

(2) soil health; and

(3) the economic stability of rural communities.

(b) CONTENTS.—The report under subsection (a) shall include—

(1) a description of the positive and negative effects of an absent landlord on the land owned by the landlord, including—

(A) the effect of an absent landlord on the long-term value of the land; and

(B) the environmental and economic impact of an absent landlord on the surrounding community; and

(2) recommendations to policymakers concerning how to mitigate those effects when necessary.

7 USC 2266a.

SEC. 12508. CENTURY FARMS PROGRAM.

The Secretary shall establish a program under which the Secretary recognizes any farm that—

(1) a State department of agriculture or similar statewide agricultural organization recognizes as a Century Farm; or

(2)(A) is defined as a farm or ranch under section 4284.902 of title 7, Code of Federal Regulations (as in effect on the date of enactment of this Act);

(B) has been in continuous operation for at least 100 years; and

(C) has been owned by the same family for at least 100 consecutive years, as verified through deeds, wills, abstracts, tax statements, or other similar legal documents considered appropriate by the Secretary.

SEC. 12509. REPORT ON IMPORTATION OF LIVE DOGS.

(a) **IN GENERAL.**—Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the importation of live dogs into the United States.

(b) **CONTENTS.**—The report submitted under subsection (a) shall include, with respect to the importation of live dogs into the United States for each of the 3 most recent calendar years for which data are available—

(1) the total number of live dogs imported;

(2) the number of live dogs imported as personal pets;

(3) the number of live dogs imported for resale (as defined in section 18(a) of the Animal Welfare Act (7 U.S.C. 2148(a));

(4) the number of live dogs for which importation was requested but denied due to the proposed importation failing to meet the requirements under—

(A) section 18 of the Animal Welfare Act (7 U.S.C. 2148);

(B) section 71.51 of title 42, Code of Federal Regulations (or any successor regulations); or

(C) any other Federal law; and

(5) any recommendations of the Secretary for modifications to Federal law (including regulations) relating to the importation of live dogs, including for the protection of public health.

(c) **PROVISION OF INFORMATION.**—To facilitate the preparation of the report submitted under subsection (a), not later than 180 days after the date of enactment of this Act, the Secretary of Commerce, the Secretary of Health and Human Services, and the Secretary of Homeland Security shall each provide to the Secretary of Agriculture all available data and information relating to the importation of live dogs into the United States, including—

(1) the data described in paragraphs (1) through (4) of subsection (b) for each of the 3 most recent calendar years for which data is available; and

(2) any recommendations for modifications to Federal law (including regulations) relating to the importation of live dogs, including for the protection of public health.

25 USC 4301
note.**SEC. 12510. TRIBAL PROMISE ZONES.**

(a) **IN GENERAL.**—In this section, the term “Tribal Promise Zone” means an area that—

(1) is nominated by 1 or more Indian tribes (as defined in section 4(13) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(13))) for designation as a Tribal Promise Zone (in this section referred to as a “nominated zone”);

(2) has a continuous boundary; and

(3) the Secretary designates as a Tribal Promise Zone, after consultation with the Secretary of Commerce, the Secretary of Education, the Attorney General, the Secretary of the Interior, the Secretary of Housing and Urban Development, the Secretary of Health and Human Services, the Secretary of Labor, the Secretary of the Treasury, the Secretary of Transportation, and other agencies as appropriate.

(b) AUTHORIZATION AND NUMBER OF DESIGNATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall nominate a minimum number of nominated zones, as determined by the Secretary in consultation with Indian tribes, to be designated as Tribal Promise Zones.

(c) PERIOD OF DESIGNATIONS.—

(1) IN GENERAL.—The Secretary shall designate nominated zones as Tribal Promise Zones before January 1, 2020.

(2) EFFECTIVE DATES OF DESIGNATIONS.—The designation of any Tribal Promise Zone shall take effect—

(A) for purposes of priority consideration in Federal grant programs and initiatives (other than this section), upon execution of the Tribal Promise Zone agreement with the Secretary; and

(B) for purposes of this section, on January 1 of the first calendar year beginning after the date of the execution of the Tribal Promise Zone agreement.

(3) TERMINATION OF DESIGNATIONS.—The designation of any Tribal Promise Zone shall end on the earlier of—

(A)(i) with respect to a Tribal Promise Zone not described in paragraph (4), the end of the 10-year period beginning on the date that such designation takes effect; or

(ii) with respect to a Tribal Promise Zone described in paragraph (4), the end of the 10-year period beginning on the date the area was designated as a Tribal Promise Zone before the date of the enactment of this Act; or

(B) the date of the revocation of such designation.

(4) APPLICATION TO CERTAIN ZONES ALREADY DESIGNATED.—In the case of any area designated as a Tribal Promise Zone by the Secretary before the date of the enactment of this Act, such area shall be deemed a Tribal Promise Zone designated under this section (notwithstanding whether any such designation has been revoked before the date of the enactment of this Act) and shall reduce the number of Tribal Promise Zones remaining to be designated under paragraph (1).

(d) LIMITATIONS ON DESIGNATIONS.—No area may be designated under this section unless—

(1) the entities nominating the area have the authority to nominate the area of designation under this section;

(2) such entities provide written assurances satisfactory to the Secretary that the competitiveness plan described in the application under subsection (e) for such area will be implemented and that such entities will provide the Secretary with

such data regarding the economic conditions of the area (before, during, and after the area’s period of designation as a Tribal Promise Zone) as the Secretary may require; and

(3) the Secretary determines that any information furnished is reasonably accurate.

(e) APPLICATION.—No area may be designated under this section unless the application for such designation—

(1) demonstrates that the nominated zone satisfies the eligibility criteria described in subsection (a); and

(2) includes a competitiveness plan that—

(A) addresses the need of the nominated zone to attract investment and jobs and improve educational opportunities;

(B) leverages the nominated zone’s economic strengths and outlines targeted investments to develop competitive advantages;

(C) demonstrates collaboration across a wide range of stakeholders;

(D) outlines a strategy that connects the nominated zone to drivers of regional economic growth; and

(E) proposes a strategy for focusing on increased access to high quality affordable housing and improved public safety.

(f) SELECTION CRITERIA.—

(1) IN GENERAL.—From among the nominated zones eligible for designation under this section, the Secretary shall designate Tribal Promise Zones on the basis of—

(A) the effectiveness of the competitiveness plan submitted under subsection (e) and the assurances made under subsection (d);

(B) unemployment rates, poverty rates, vacancy rates, crime rates, and such other factors as the Secretary may identify, including household income, labor force participation, and educational attainment; and

(C) other criteria as determined by the Secretary.

(2) MINIMAL STANDARDS.—The Secretary may set minimal standards for the levels of unemployment and poverty that must be satisfied for designation as a Tribal Promise Zone.

SEC. 12511. PRECISION AGRICULTURE CONNECTIVITY.

(a) FINDINGS.—Congress finds the following:

(1) Precision agriculture technologies and practices allow farmers to significantly increase crop yields, eliminate overlap in operations, and reduce inputs such as seed, fertilizer, pesticides, water, and fuel.

(2) These technologies allow farmers to collect data in real time about their fields, automate field management, and maximize resources.

(3) Studies estimate that precision agriculture technologies can reduce agricultural operation costs by up to 25 dollars per acre and increase farm yields by up to 70 percent by 2050.

(4) The critical cost savings and productivity benefits of precision agriculture cannot be realized without the availability of reliable broadband Internet access service delivered to the agricultural land of the United States.

(5) The deployment of broadband Internet access service to unserved agricultural land is critical to the United States

economy and to the continued leadership of the United States in global food production.

(6) Despite the growing demand for broadband Internet access service on agricultural land, broadband Internet access service is not consistently available where needed for agricultural operations.

(7) The Federal Communications Commission has an important role to play in the deployment of broadband Internet access service on unserved agricultural land to promote precision agriculture.

(b) TASK FORCE.—

(1) DEFINITIONS.—In this subsection:

(A)(i) The term “broadband Internet access service” means a mass-market retail service by wire or radio that provides the capability to transmit data to, and receive data from, all or substantially all Internet endpoints, including any capabilities that are incidental to, and enable the operation of, the communications service, but excluding dial up internet access service.

(ii) Such term includes any service the Commission finds to be providing a functional equivalent of the service described in clause (i).

(B) The term “Commission” means the Federal Communications Commission.

(C) The term “Department” means the Department of Agriculture.

(D) The term “Secretary” means the Secretary of Agriculture.

(E) The term “Task Force” means the Task Force for Reviewing the Connectivity and Technology Needs of Precision Agriculture in the United States established under paragraph (2).

(2) ESTABLISHMENT.—Not later than 1 year after the date of enactment of this Act, the Commission shall establish the Task Force for Reviewing the Connectivity and Technology Needs of Precision Agriculture in the United States.

(3) DUTIES.—

(A) IN GENERAL.—The Task Force shall consult with the Secretary, or a designee of the Secretary, and collaborate with public and private stakeholders in the agriculture and technology fields to—

(i) identify and measure current gaps in the availability of broadband Internet access service on agricultural land;

(ii) develop policy recommendations to promote the rapid, expanded deployment of broadband Internet access service on unserved agricultural land, with a goal of achieving reliable capabilities on 95 percent of agricultural land in the United States by 2025;

(iii) promote effective policy and regulatory solutions that encourage the adoption of broadband Internet access service on farms and ranches and promote precision agriculture;

(iv) recommend specific new rules or amendments to existing rules of the Commission that the Commission should issue to achieve the goals and purposes of the policy recommendations described in clause (ii);

(v) recommend specific steps that the Commission should take to obtain reliable and standardized data measurements of the availability of broadband Internet access service as may be necessary to target funding support, from future programs of the Commission dedicated to the deployment of broadband Internet access service, to unserved agricultural land in need of broadband Internet access service; and

(vi) recommend specific steps that the Commission should consider to ensure that the expertise of the Secretary and available farm data are reflected in future programs of the Commission dedicated to the infrastructure deployment of broadband Internet access service and to direct available funding to unserved agricultural land where needed.

(B) NO DUPLICATE DATA REPORTING.—In performing the duties of the Commission under subparagraph (A), the Commission shall ensure that no provider of broadband Internet access service is required to report data to the Commission that is, on the day before the date of enactment of this Act, required to be reported by the provider of broadband Internet access service.

(C) HOLD HARMLESS.—The Task Force and the Commission shall not interpret the phrase “future programs of the Commission”, as used in clauses (v) and (vi) of subparagraph (A), to include the universal service programs of the Commission established under section 254 of the Communications Act of 1934 (47 U.S.C. 254).

(D) CONSULTATION.—The Secretary, or a designee of the Secretary, shall explain and make available to the Task Force the expertise, data mapping information, and resources of the Department that the Department uses to identify cropland, rangeland, and other areas with agricultural operations that may be helpful in developing the recommendations required under subparagraph (A).

(E) LIST OF AVAILABLE FEDERAL PROGRAMS AND RESOURCES.—Not later than 180 days after the date of enactment of this Act, the Secretary and the Commission shall jointly submit to the Task Force a list of all Federal programs or resources available for the expansion of broadband Internet access service on unserved agricultural land to assist the Task Force in carrying out the duties of the Task Force.

(4) MEMBERSHIP.—

(A) IN GENERAL.—The Task Force shall be—

(i) composed of not more than 15 voting members who shall—

(I) be selected by the Chairman of the Commission, in consultation with the Secretary; and

(II) include—

(aa) agricultural producers representing diverse geographic regions and farm sizes, including owners and operators of farms of less than 100 acres;

(bb) an agricultural producer representing tribal agriculture;

(cc) Internet service providers, including regional or rural fixed and mobile broadband Internet access service providers and telecommunications infrastructure providers;

(dd) representatives from the electric cooperative industry;

(ee) representatives from the satellite industry;

(ff) representatives from precision agriculture equipment manufacturers, including drone manufacturers, manufacturers of autonomous agricultural machinery, and manufacturers of farming robotics technologies;

(gg) representatives from State and local governments; and

(hh) representatives with relevant expertise in broadband network data collection, geospatial analysis, and coverage mapping; and

(ii) fairly balanced in terms of technologies, points of view, and fields represented on the Task Force.

(B) PERIOD OF APPOINTMENT; VACANCIES.—

(i) IN GENERAL.—A member of the Committee appointed under subparagraph (A)(i) shall serve for a single term of 2 years.

(ii) VACANCIES.—Any vacancy in the Task Force—

(I) shall not affect the powers of the Task Force; and

(II) shall be filled in the same manner as the original appointment.

(C) EX-OFFICIO MEMBER.—The Secretary, or a designee of the Secretary, shall serve as an ex-officio, nonvoting member of the Task Force.

(5) REPORTS.—Not later than 1 year after the date on which the Commission establishes the Task Force, and annually thereafter, the Task Force shall submit to the Chairman of the Commission a report, which shall be made public not later than 30 days after the date on which the Chairman receives the report, that details—

(A) the status of fixed and mobile broadband Internet access service coverage of agricultural land;

(B) the projected future connectivity needs of agricultural operations, farmers, and ranchers; and

(C) the steps being taken to accurately measure the availability of broadband Internet access service on agricultural land and the limitations of current, as of the date of the report, measurement processes.

(6) TERMINATION.—The Commission shall renew the Task Force every 2 years until the Task Force terminates on January 1, 2025.

(c) NO ADDITIONAL FUNDS AUTHORIZED.—No additional funds is authorized to be appropriated to carry out this section. This section shall be carried out using amounts otherwise authorized.

SEC. 12512. IMPROVEMENTS TO UNITED STATES DROUGHT MONITOR.

7 USC 5856.

(a) IN GENERAL.—The Secretary shall coordinate with the Director of the National Drought Mitigation Center and the

Administrator of the National Oceanic and Atmospheric Administration to enhance the collection of data to improve the accuracy of the United States Drought Monitor.

(b) UTILIZATION.—To the maximum extent practicable, the Secretary shall utilize a consistent source or sources of data for programs that are based on drought or precipitation indices, such as the livestock forage disaster program established under section 1501(c) of the Agricultural Act of 2014 (7 U.S.C. 9081(c)) or policies or plans of insurance established under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(c) REVIEW.—Not later than 1 year after the date of enactment of this Act, the Secretary shall conduct a review of—

(1) the types of data currently utilized by the United States Drought Monitor;

(2) the geographic coverage and density of existing data collection sites; and

(3) other meteorological or climatological data that is being collected by other Federal agencies, State and local governments, and non-Federal entities that could be utilized by the United States Drought Monitor.

(d) IMPROVEMENTS.—

(1) IN GENERAL.—Upon the completion of the review prescribed in subsection (c), the Secretary shall—

(A) seek to expand the collection of relevant data in States or geographic areas where coverage is currently lacking as compared to other States or geographic areas; and

(B) to the maximum extent practicable, develop standards to allow the integration of meteorological or climatological data into the United States Drought Monitor derived from—

(i) in-situ soil moisture profile measuring devices;

(ii) citizen science (as defined in the Crowdsourcing and Citizen Science Act (15 U.S.C. 3724)), including data from the Cooperative Observer Program of the National Weather Service; and

(iii) other Federal agencies, State and local governments, and non-Federal entities.

(2) AUTHORIZATION OF APPROPRIATIONS.—There is to be authorized to be appropriated to the Secretary to carry out this subsection \$5,000,000 for each of fiscal years 2019 through 2023.

7 USC 1632d.

SEC. 12513. DAIRY BUSINESS INNOVATION INITIATIVES.

(a) DEFINITIONS.—In this section:

(1) DAIRY BUSINESS.—The term “dairy business” means a business that develops, produces, markets, or distributes dairy products.

(2) INITIATIVE.—The term “initiative” means a dairy product and business innovation initiative established under subsection (b).

(b) ESTABLISHMENT.—The Secretary shall establish not less than 3 regionally-located dairy product and business innovation initiatives for the purposes of—

(1) diversifying dairy product markets to reduce risk and develop higher-value uses for dairy products;

(2) promoting business development that diversifies farmer income through processing and marketing innovation; and

(3) encouraging the use of regional milk production.

(c) SELECTION OF INITIATIVES.—An initiative—

(1) shall be positioned to draw on existing dairy industry resources, including activities conducted by the National Dairy Promotion and Research Board and other dairy promotion entities, research capacity, academic and industry expertise, a density of dairy farms or farmland suitable for dairying, and dairy businesses; and

(2) may serve a certain product niche, such as specialty cheese, or serve dairy businesses with dairy products derived from the milk of a specific type of dairy animal, including dairy products made from cow milk, sheep milk, and goat milk.

(d) ENTITIES ELIGIBLE TO HOST INITIATIVE.—

(1) IN GENERAL.—Subject to paragraph (2), any of the following entities may submit to the Secretary an application to host an initiative:

(A) A State department of agriculture or other State entity.

(B) A nonprofit organization.

(C) An institution of higher education.

(D) A cooperative extension service.

(2) CAPACITY OF ELIGIBLE ENTITY.—Any entity described in subparagraphs (A) through (D) of paragraph (1) shall be eligible to submit an application under that paragraph if the entity has—

(A) a capacity to provide consultation and expertise necessary to advance the purpose and activities of the proposed initiative; and

(B) expertise in grant distribution and tracking.

(3) INELIGIBLE ENTITY.—A dairy promotion program shall not be eligible to host an initiative under this section.

(e) PARTNERS.—

(1) IN GENERAL.—An entity described in subsection (d)(1) may establish as a partner an organization or entity described in paragraph (2)—

(A) prior to the submission of the application under that subsection; or

(B) after approval of the application, in consultation with the Secretary.

(2) PARTNER DESCRIBED.—A partner under paragraph (1) shall be an organization or entity with expertise or experience in dairy, including the marketing, research, education, or promotion of dairy.

(f) ACTIVITIES OF INITIATIVES.—

(1) DIRECT ASSISTANCE TO DAIRY BUSINESSES.—An initiative shall provide nonmonetary assistance directly to dairy businesses through private consultation or widely available distribution—

(A) by the entity that hosts the initiative under subsection (d)(1);

(B) through contracting with industry experts;

(C) through the provision of technical assistance, such as informational websites, webinars, conferences, trainings, plant tours, and field days; or

(D) through research institutions, including cooperative extension services.

(2) TYPES OF ASSISTANCE.—Eligible forms of assistance include—

(A) business consulting, including business plan development for processed dairy products, strategic planning assistance, and distribution and supply chain innovation;

(B) marketing and branding assistance, including market messaging, packaging innovation, consumer assessments, innovation in emerging market opportunities, and evaluation of regional, national, and international markets;

(C) assistance in product innovation, including the development of value-added products, innovation in byproduct reprocessing and use maximization, and dairy product production training, including in new, rare, or innovative techniques; and

(D) other nonmonetary assistance, as determined by the Secretary.

(3) GRANTS TO DAIRY BUSINESSES.—

(A) IN GENERAL.—An initiative shall provide grants on a competitive basis to new and existing dairy businesses for the purposes of—

(i) modernization, specialization, and grazing transition on dairy farms;

(ii) value chain and commodity innovation and facility and process updates for dairy processors; and

(iii) product development, packaging, and marketing of dairy products.

(B) GRANTS TO CERTAIN ENTITIES.—An initiative may provide a grant on a noncompetitive basis to an entity that receives assistance under paragraph (1) to advance the business activities recommended as a result of that assistance.

(C) GRANT AMOUNTS.—Grants provided under this paragraph shall not exceed \$500,000, unless a greater amount is approved by the Secretary.

(4) CONSULTATION.—An entity that hosts an initiative shall consult with the National Dairy Promotion and Research Board, the Secretary, and the Administrator of the Agricultural Marketing Service in carrying out the initiative.

(5) CONFLICT OF INTEREST.—

(A) IN GENERAL.—The Secretary shall establish guidelines and procedures to prevent any conflict of interest or the appearance of a conflict of interest by an initiative (including a partner of the initiative) during the allocation of direct assistance under paragraph (1) or grant funding under paragraph (3).

(B) PENALTY.—The Secretary may suspend or terminate an initiative if the initiative (including a partner of the initiative) is found to be in violation of the guidelines and procedures established under subparagraph (A).

(g) DISTRIBUTION OF FUNDS.—

(1) IN GENERAL.—Using the funds made available to carry out this section, the Secretary—

(A) shall provide not less than 3 awards to eligible entities described in subsection (d) for the purposes of carrying out the activities under subsection (f); and

(B) is encouraged to award funds under subparagraph (A) in multiyear funding allocations.

(2) USE OF FUNDS.—Not less than 50 percent of the funds made available under subsection (i) shall be allocated to grants under subsection (f)(3).

(3) PRIORITY.—An entity hosting an initiative shall give priority to the provision of direct assistance under subsection (f)(1) and grants under subsection (f)(3) to—

(A) dairy farms and dairy businesses with limited access to other forms of assistance;

(B) employee-owned dairy businesses;

(C) cooperatives; and

(D) dairy businesses that seek to create dairy products that add substantial value in processing or marketing, such as specialty cheeses.

(4) REQUIREMENT.—Assistance or a grant shall not be made available to a foreign person making direct investment (as those terms are defined in section 801.2 of title 15, Code of Federal Regulations (or successor regulations)) in the United States in the case of—

(A) direct assistance under subsection (f)(1) that is provided to a specific dairy business and is not publicly available, as determined by the Secretary; or

(B) a grant under subsection (f)(3).

(5) SUPPLEMENTATION.—To the extent practicable, the Secretary shall ensure that funds provided to an initiative supplement, and do not duplicate or replace, existing dairy product research, development, and promotion activities.

(h) REPORT.—Not later than January 31, 2022, the Secretary shall submit to Congress a report on the outcomes of the program under this section and any related activities and opportunities to further increase dairy innovation.

(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$20,000,000 for each fiscal year.

SEC. 12514. REPORT ON FUNDING FOR THE NATIONAL INSTITUTE OF FOOD AND AGRICULTURE AND OTHER EXTENSION PROGRAMS.

(a) IN GENERAL.—Not later than 2 years after the date on which the census of agriculture required to be conducted in calendar year 2017 under section 2 of the Census of Agriculture Act of 1997 (7 U.S.C. 2204g) is released, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the funding necessary to adequately address the needs of the National Institute of Food and Agriculture, activities carried out under the Smith-Lever Act (7 U.S.C. 341 et seq.), and research and extension programs carried out at an 1890 Institution (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)) or an institution designated under the Act of July 2, 1862 (commonly known as the “First Morrill Act”) (12 Stat. 503, chapter 130; 7 U.S.C. 301 et seq.), to provide adequate services for the

growth and development of the economies of rural communities based on the changing demographic in the rural and farming communities in the various States.

(b) **REQUIREMENTS.**—In preparing the report under subsection (a), the Secretary shall focus on the funding needs of the programs described in subsection (a) with respect to carrying out activities relating to small and diverse farms and ranches, veteran farmers and ranchers, value-added agriculture, direct-to-consumer sales, and specialty crops.

7 USC 2160.

SEC. 12515. PROHIBITION ON SLAUGHTER OF DOGS AND CATS FOR HUMAN CONSUMPTION.

(a) **IN GENERAL.**—Except as provided in subsection (c), no person may—

(1) knowingly slaughter a dog or cat for human consumption; or

(2) knowingly ship, transport, move, deliver, receive, possess, purchase, sell, or donate—

(A) a dog or cat to be slaughtered for human consumption; or

(B) a dog or cat part for human consumption.

(b) **SCOPE.**—Subsection (a) shall apply only with respect to conduct—

(1) in or affecting interstate commerce or foreign commerce;

or

(2) within the special maritime and territorial jurisdiction of the United States.

(c) **EXCEPTION FOR INDIAN TRIBES.**—The prohibition in subsection (a) shall not apply to an Indian (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304)) carrying out any activity described in subsection (a) for the purpose of a religious ceremony.

(d) **PENALTY.**—Any person who violates subsection (a) shall be subject to a fine in an amount not greater than \$5,000 for each violation.

(e) **EFFECT ON STATE LAW.**—Nothing in this section—

(1) limits any State or local law or regulation protecting the welfare of animals; or

(2) prevents a State or unit of local government from adopting and enforcing an animal welfare law or regulation that is more stringent than this section.

21 USC 343 note.

SEC. 12516. LABELING EXEMPTION FOR SINGLE INGREDIENT FOODS AND PRODUCTS.

The food labeling requirements under section 403(q) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 343(q)) shall not require that the nutrition facts label of any single-ingredient sugar, honey, agave, or syrup, including maple syrup, that is packaged and offered for sale as a single-ingredient food bear the declaration “Includes X g Added Sugars.”.

SEC. 12517. SOUTH CAROLINA INCLUSION IN VIRGINIA/CAROLINA PEANUT PRODUCING REGION.

Section 1308(c)(2)(B)(iii) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7958(c)(2)(B)(iii)) is amended by striking “Virginia and North Carolina” and inserting “Virginia, North Carolina, and South Carolina”.

SEC. 12518. FOREST SERVICE HIRE AUTHORITY.

16 USC 1725b.

(a) **IN GENERAL.**—The Secretary of Agriculture may appoint, without regard to the provisions of subchapter I of chapter 33 of title 5, United States Code, other than sections 3303 and 3328 of such title, a qualified candidate described in subsection (b) directly to a position with the Department of Agriculture, Forest Service for which the candidate meets Office of Personnel Management qualification standards.

(b) **QUALIFICATIONS.**—Subsection (a) applies to a former resource assistant (as defined in section 203 of the Public Land Corps Act (16 U.S.C. 1722)) who—

(1) completed a rigorous internship with a land managing agency, such as the Forest Service Resource Assistant Program;

(2) successfully fulfilled the requirements of the internship program; and

(3) earned an undergraduate or graduate degree from an accredited institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)).

(c) **LIMITATION.**—The direct hire authority under this section may not be exercised with respect to a specific qualified candidate after the end of the 2-year period beginning on the date on which the candidate completed the undergraduate or graduate degree, as the case may be, or has successfully fulfilled the requirements of the internship program, whichever is later.

SEC. 12519. CONVERSION AUTHORITY.

7 USC 2279j.

The Secretary may, notwithstanding subchapter I of chapter 33 of title 5, United States Code, governing appointments in the competitive or excepted service, noncompetitively convert to an appointment in the competitive service, in an agency or office within the Department of Agriculture, a recent graduate or student who is a United States citizen and has been awarded and successfully completed a scholarship program granted to the individual by the Department through the 1890 National Scholars Program or the 1994 Tribal Scholars Program carried out by the Department, provided the individual meets the requirements for such conversion and meets Office of Personnel Management qualification standards, as determined by the Secretary. Nothing in the preceding sentence shall be construed as requiring the Secretary to convert an individual under the authority under such sentence.

SEC. 12520. AUTHORIZATION OF PROTECTION OPERATIONS FOR THE SECRETARY OF AGRICULTURE AND OTHERS.

7 USC 2279k.

(a) **IN GENERAL.**—The Department of Agriculture is authorized to employ qualified law enforcement officers or special agents to provide—

(1) protection for the Secretary and the Deputy Secretary during the performance of official duties by each such officer and during any activity that is preliminary or postliminary to the performance of official duties by each such officer;

(2) protection, incidental to the protection provided pursuant to paragraph (1), to an individual accompanying each such officer who is participating in an activity or event relating to the official duties of each such officer when there is an articulable threat to such individual;

(3) continuous protection to the Secretary and Deputy Secretary (including during periods not described in paragraph

(1) if there is an articulable threat of physical harm, in accordance with guidelines established by the Secretary; and

(4) protection of another senior officer representing the Secretary (including a person nominated to be the Secretary during the pendency of such nomination) if there is an articulable threat of physical harm, in accordance with guidelines established by the Secretary.

(b) AUTHORITIES OF THE PROTECTIVE OPERATION.—

(1) IN GENERAL.—The Secretary may authorize officers or special agents employed pursuant to subsection (a)—

(A) to carry firearms;

(B) to conduct criminal investigations into potential threats to the security of persons protected under this section;

(C) to make arrests without a warrant for any offense against the United States committed in the presence of such officer or special agent;

(D) to perform protective intelligence work, including identifying and mitigating potential threats and conducting advance work to review security matters relating to sites and events; and

(E) to coordinate with local law enforcement agencies.

(2) GUIDELINES.—The authority conveyed under this section shall be exercised in accordance with any—

(A) guidelines issued by the Attorney General; and

(B) such additional guidelines as may be issued by the Secretary.

(c) EXCEPTION.—The authorities granted under this section may be exercised notwithstanding section 1343(b)(1) of title 31, United States Code.

(d) REPORT.—Not later than September 30, 2019, and each September 30 through 2024, the Secretary shall provide to the Committee on Agriculture of the House of Representatives and Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the protection provided, and accounting for the expenditures made, pursuant to this section.

PART II—NATIONAL OILHEAT RESEARCH ALLIANCE

SEC. 12531. NATIONAL OILHEAT RESEARCH ALLIANCE.

(a) IN GENERAL.—Section 713 of the National Oilheat Research Alliance Act of 2000 (42 U.S.C. 6201 note; Public Law 106–469) is amended by striking “18 years” and inserting “28 years”.

(b) LIMITATION ON OBLIGATIONS OF FUNDS.—The National Oilheat Research Alliance Act of 2000 (42 U.S.C. 6201 note; Public Law 106–469) is amended by inserting after section 707 the following:

“SEC. 708. LIMITATION ON OBLIGATION OF FUNDS.

“(a) IN GENERAL.—In each calendar year of the covered period, the Alliance may not obligate an amount greater than the sum of—

“(1) 75 percent of the amount of assessments estimated to be collected under section 707 in that calendar year;

“(2) 75 percent of the amount of assessments actually collected under section 707 in the most recent calendar year

for which an audit report has been submitted under section 706(f)(2)(B) as of the beginning of the calendar year for which the amount that may be obligated is being determined, less the estimate made pursuant to paragraph (1) for that most recent calendar year; and

“(3) amounts permitted in preceding calendar years to be obligated pursuant to this subsection that have not been obligated.

“(b) EXCESS AMOUNTS DEPOSITED IN ESCROW ACCOUNT.—Assessments collected under section 707 in excess of the amount permitted to be obligated under subsection (a) in a calendar year shall be deposited in an escrow account for the duration of the covered period.

“(c) TREATMENT OF AMOUNTS IN ESCROW ACCOUNT.—

“(1) IN GENERAL.—During the covered period, the Alliance may not obligate, expend, or borrow against amounts required under subsection (b) to be deposited in the escrow account.

“(2) INTEREST.—Any interest earned on amounts described in paragraph (1) shall be—

“(A) deposited in the escrow account; and

“(B) unavailable for obligation for the duration of the covered period.

“(d) RELEASE OF AMOUNTS IN ESCROW ACCOUNT.—Beginning on October 1, 2028, the Alliance may withdraw and obligate any amount in the escrow account.

“(e) COVERED PERIOD DEFINED.—In this section, the term ‘covered period’ means the period that begins on February 6, 2019, and ends on September 30, 2028.”

(c) CONFORMING AMENDMENTS.—The National Oilheat Research Alliance Act of 2000 (42 U.S.C. 6201 note; Public Law 106–469) is amended—

(1) in section 706(d)(1), by striking “not exceed 7 percent of the amount of assessments collected in any calendar year, except that during the first year of operation of the Alliance such expenses and amounts shall not exceed 10 percent of the amount of assessments” and inserting “not exceed 7 percent of the amount of assessments collected in any calendar year that are permitted to be obligated in that calendar year”; and

(2) in section 707—

(A) in subsection (e), by inserting “that are permitted to be obligated” after “amount of assessments collected in the State” each place it appears; and

(B) in subsection (f), by inserting “and permitted to be obligated” after “assessments collected” each place it appears.

Subtitle F—General Provisions

SEC. 12601. BAITING OF MIGRATORY GAME BIRDS.

16 USC 704 note.

(a) DEFINITIONS.—In this section:

(1) NORMAL AGRICULTURAL OPERATION.—The term “normal agricultural operation” has the meaning given the term in section 20.11 of title 50, Code of Federal Regulations (as in effect on the date of enactment of this Act).

(2) POST-DISASTER FLOODING.—The term “post-disaster flooding” means the destruction of a crop through flooding

in accordance with practices required by the Federal Crop Insurance Corporation for agricultural producers to obtain crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) on land on which a crop was not harvestable due to a natural disaster (including any hurricane, storm, tornado, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, drought, fire, snowstorm, or other catastrophe that is declared a major disaster by the President in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170)) in the crop year—

(A) in which the natural disaster occurred; or

(B) immediately preceding the crop year in which the natural disaster occurred.

(3) RICE RATOONING.—The term “rice ratooning” means the agricultural practice of harvesting rice by cutting the majority of the aboveground portion of the rice plant but leaving the roots and growing shoot apices intact to allow the plant to recover and produce a second crop yield.

(b) REGULATIONS TO EXCLUDE RICE RATOONING AND POST-DISASTER FLOODING.—Not later than 30 days after the date of enactment of this Act, the Secretary of the Interior, in consultation with the Secretary of Agriculture, shall revise part 20 of title 50, Code of Federal Regulations, to clarify that rice ratooning and post-disaster flooding, when carried out as part of a normal agricultural operation, do not constitute baiting.

(c) REPORTS.—Not less frequently than once each year—

(1) the Secretary of Agriculture shall submit to the Secretary of the Interior a report that describes any changes to normal agricultural operations across the range of crops grown by agricultural producers in each region of the United States in which the official recommendations described in section 20.11(h) of title 50, Code of Federal Regulations (as in effect on the date of enactment of this Act), are provided to agricultural producers; and

(2) the Secretary of the Interior, in consultation with the Secretary of Agriculture and after seeking input from the heads of State departments of fish and wildlife or the Regional Migratory Bird Flyway Councils of the United States Fish and Wildlife Service, shall publicly post a report on the impact that rice ratooning and post-disaster flooding have on the behavior of migratory game birds that are hunted in the area in which rice ratooning and post-disaster flooding, respectively, have occurred.

SEC. 12602. PIMA AGRICULTURE COTTON TRUST FUND.

Section 12314 of the Agricultural Act of 2014 (7 U.S.C. 2101 note; Public Law 113–79) is amended—

(1) by striking “2018” each place it appears and inserting “2023”;

(2) by striking “calendar year 2013” each place it appears and inserting “the prior calendar year”;

(3) in subsection (b)(2)—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(B) in the matter preceding clause (i) (as so redesignated), by striking “(2) Twenty-five” and inserting the following:

“(2)(A) Except as provided in subparagraph (B), twenty-five”;

(C) in subparagraph (A)(ii) (as so designated), by striking “subparagraph (A)” and inserting “clause (i)”; and

(D) by adding at the end the following:

“(B)(i) A yarn spinner shall not receive an amount under subparagraph (A) that exceeds the cost of pima cotton that—

“(I) was purchased during the prior calendar year; and

“(II) was used in spinning any cotton yarns.

“(ii) The Secretary shall reallocate any amounts reduced by reason of the limitation under clause (i) to spinners using the ratio described in subparagraph (A), disregarding production of any spinner subject to that limitation.”;

(4) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking “(b)(2)(A)” and inserting “(b)(2)(A)(i)”; and

(B) in paragraph (2), by striking “and” at the end;

(C) in paragraph (3), by striking the period at the end and inserting “; and”; and

(D) by adding at the end the following:

“(4) the dollar amount of pima cotton purchased during the prior calendar year—

“(A) that was used in spinning any cotton yarns; and

“(B) for which the producer maintains supporting documentation.”;

(5) in subsection (e)—

(A) in the matter preceding paragraph (1), by striking “by the Secretary—” and inserting “by the Secretary not later than March 15 of the applicable calendar year.”; and

(B) by striking paragraphs (1) and (2); and

(6) in subsection (f), by striking “subsection (b)—” in the matter preceding paragraph (1) and all that follows through “not later than” in paragraph (2) and inserting “subsection (b) not later than”.

SEC. 12603. AGRICULTURE WOOL APPAREL MANUFACTURERS TRUST FUND.

Section 12315 of the Agricultural Act of 2014 (7 U.S.C. 7101 note; Public Law 113–79) is amended—

(1) by striking “2019” each place it appears and inserting “2023”;

(2) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (A)—

(I) in the matter preceding clause (i), by striking “the payment—” and inserting “the payment, payments in amounts authorized under that paragraph.”; and

(II) by striking clauses (i) and (ii); and

(ii) in subparagraph (B)—

(I) in the matter preceding clause (i), by striking “4002(c)—” and inserting “4002(c), payments in amounts authorized under that paragraph.”; and

(II) by striking clauses (i) and (ii); and

(B) in paragraph (2), by striking “submitted—” in the matter preceding subparagraph (A) and all that follows through “to the Secretary” in subparagraph (B) and inserting “submitted to the Secretary”; and

(3) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking “subsection (b)—” and inserting “subsection (b) not later than April 15 of the year of the payment.”; and

(B) by striking paragraphs (1) and (2).

SEC. 12604. WOOL RESEARCH AND PROMOTION.

Section 12316(a) of the Agricultural Act of 2014 (7 U.S.C. 7101 note; Public Law 113–79) is amended by striking “2015 through 2019” and inserting “2019 through 2023”.

7 USC 7632 note.

SEC. 12605. EMERGENCY CITRUS DISEASE RESEARCH AND DEVELOPMENT TRUST FUND.

(a) **DEFINITION OF CITRUS.**—In this section, the term “citrus” means edible fruit of the family Rutaceae, including any hybrid of that fruit and any product of that hybrid that is produced for commercial purposes in the United States.

(b) **ESTABLISHMENT OF TRUST FUND.**—There is established in the Treasury of the United States a trust fund, to be known as the Emergency Citrus Disease Research and Development Trust Fund (referred to in this section as the “Citrus Trust Fund”), consisting of such amounts as shall be transferred to the Citrus Trust Fund pursuant to subsection (d).

(c) **USE OF FUND.**—From amounts in the Citrus Trust Fund, the Secretary shall, beginning in fiscal year 2019, carry out the Emergency Citrus Disease Research and Extension Program in section 412(j) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7632(j)).

(d) **FUNDING.**—Of the funds of the Commodity Credit Corporation, the Secretary shall transfer to the Citrus Trust Fund \$25,000,000 for each of fiscal years 2019 through 2023, to remain available until expended.

SEC. 12606. EXTENSION OF MERCHANDISE PROCESSING FEES.

Section 503 of the United States–Korea Free Trade Agreement Implementation Act (Public Law 112–41; 19 U.S.C. 3805 note) is amended by striking “February 24, 2027” and inserting “May 26, 2027”.

7 USC 2204i.

SEC. 12607. REPORTS ON LAND ACCESS AND FARMLAND OWNERSHIP DATA COLLECTION.

(a) **LAND ACCESS.**—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture, in consultation with the Chief Economist, shall submit to Congress and make publicly available a report identifying—

(1) the barriers that prevent or hinder the ability of beginning farmers and ranchers (as defined in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a))) and socially disadvantaged farmers and

ranchers (as defined in such section) to acquire or access farmland;

(2) the extent to which Federal programs, including agricultural conservation easement programs, land transition programs, and financing programs, are improving—

(A) farmland access and tenure for beginning farmers and ranchers and socially disadvantaged farmers and ranchers; and

(B) farmland transition and succession; and

(3) the regulatory, operational, or statutory changes that are necessary to improve—

(A) the ability of beginning farmers and ranchers and socially disadvantaged farmers and ranchers to acquire or access farmland;

(B) farmland tenure for beginning farmers and ranchers and socially disadvantaged farmers and ranchers; and

(C) farmland transition and succession.

(b) FARMLAND OWNERSHIP.—The Secretary shall collect and, not less frequently than once every 3 years report, data and analysis on farmland ownership, tenure, transition, and entry of beginning farmers and ranchers and socially disadvantaged farmers and ranchers (as those terms are defined in section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a))). In carrying out this subsection, the Secretary shall, at a minimum—

(1) collect and distribute comprehensive reporting of trends in farmland ownership, tenure, transition, barriers to entry, profitability, and viability of beginning farmers and ranchers and socially disadvantaged farmers and ranchers;

(2) develop surveys and report statistical and economic analysis on farmland ownership, tenure, transition, barriers to entry, profitability, and viability of beginning farmers and ranchers, including a regular follow-on survey to each Census of Agriculture with results of the follow-on survey made public not later than 3 years after the previous Census of Agriculture; and

(3) require the National Agricultural Statistics Service to include in the Tenure, Ownership, and Transition of Agricultural Land survey questions relating to—

(A) the extent to which non-farming landowners are purchasing and holding onto farmland for the sole purpose of real estate investment;

(B) the impact of these farmland ownership trends on the successful entry and viability of beginning farmers and ranchers and socially disadvantaged farmers and ranchers;

(C) the extent to which farm and ranch land with undivided interests and no administrative authority identified have farms or ranches operating on that land; and

(D) the impact of land tenure patterns, categorized by—

(i) race, gender, and ethnicity; and

(ii) region.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$3,000,000 for each fiscal years 2019 through 2023, to remain available until expended.

SEC. 12608. REAUTHORIZATION OF RURAL EMERGENCY MEDICAL SERVICES TRAINING AND EQUIPMENT ASSISTANCE PROGRAM.

Section 330J of the Public Health Service Act (42 U.S.C. 254c-15) is amended—

(1) in subsection (a), by striking “in rural areas” and inserting “in rural areas or to residents of rural areas”;

(2) by striking subsections (b) through (f) and inserting the following:

“(b) **ELIGIBILITY; APPLICATION.**—To be eligible to receive grant under this section, an entity shall—

“(1) be—

“(A) an emergency medical services agency operated by a local or tribal government (including fire-based and non-fire based); or

“(B) an emergency medical services agency that is described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code; and

“(2) submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

“(c) **USE OF FUNDS.**—An entity—

“(1) shall use amounts received through a grant under subsection (a) to—

“(A) train emergency medical services personnel as appropriate to obtain and maintain licenses and certifications relevant to service in an emergency medical services agency described in subsection (b)(1);

“(B) conduct courses that qualify graduates to serve in an emergency medical services agency described in subsection (b)(1) in accordance with State and local requirements;

“(C) fund specific training to meet Federal or State licensing or certification requirements; and

“(D) acquire emergency medical services equipment;

and

“(2) may use amounts received through a grant under subsection (a) to—

“(A) recruit and retain emergency medical services personnel, which may include volunteer personnel;

“(B) develop new ways to educate emergency health care providers through the use of technology-enhanced educational methods; or

“(C) acquire personal protective equipment for emergency medical services personnel as required by the Occupational Safety and Health Administration.

“(d) **GRANT AMOUNTS.**—Each grant awarded under this section shall be in an amount not to exceed \$200,000.

“(e) **DEFINITIONS.**—In this section:

“(1) The term ‘emergency medical services’—

“(A) means resources used by a public or private non-profit licensed entity to deliver medical care outside of a medical facility under emergency conditions that occur as a result of the condition of the patient; and

“(B) includes services delivered (either on a compensated or volunteer basis) by an emergency medical services provider or other provider that is licensed or certified by the State involved as an emergency medical technician, a paramedic, or an equivalent professional (as determined by the State).

“(2) The term ‘rural area’ means—

“(A) a nonmetropolitan statistical area;

“(B) an area designated as a rural area by any law or regulation of a State; or

“(C) a rural census tract of a metropolitan statistical area (as determined under the most recent rural urban commuting area code as set forth by the Office of Management and Budget).

“(f) **MATCHING REQUIREMENT.**—The Secretary may not award a grant under this section to an entity unless the entity agrees that the entity will make available (directly or through contributions from other public or private entities) non-Federal contributions toward the activities to be carried out under the grant in an amount equal to 10 percent of the amount received under the grant.”; and

(3) in subsection (g)(1), by striking “2002 through 2006” and inserting “2019 through 2023”.

SEC. 12609. COMMISSION ON FARM TRANSITIONS—NEEDS FOR 2050.

(a) **ESTABLISHMENT.**—There is established a commission to be known as the Commission on Farm Transitions—Needs for 2050 (referred to in this section as the “Commission”).

(b) **STUDY.**—The Commission shall conduct a study on issues impacting the transition of agricultural operations from established farmers and ranchers to the next generation of farmers and ranchers, including—

(1) access to, and availability of—

(A) quality land and necessary infrastructure;

(B) affordable credit;

(C) adequate risk management tools; and

(D) apprenticeship and mentorship programs;

(2) agricultural asset transfer strategies in use as of the date of the enactment of this Act and improvements to such strategies;

(3) incentives that may facilitate agricultural asset transfers to the next generation of farmers and ranchers, including an assessment of, and recommendations for, how existing and new Federal tax policies—

(A) facilitate lifetime and estate transfers; and

(B) impact individuals seeking to farm who do not have family farm lineage or access to farmland;

(4) the causes of the failures of such transitions, if any; and

(5) the effectiveness of programs and incentives providing assistance with respect to such transitions in effect on the date of the enactment of this Act and opportunities for the revision or improvement of such programs.

(c) **MEMBERSHIP.**—

(1) **COMPOSITION.**—The Commission shall be composed of 10 members, as follows:

(A) 3 members appointed by the Secretary.

(B) 3 members appointed by the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(C) 3 members appointed by the Committee on Agriculture of the House of Representatives.

(D) The Chief Economist of the Department of Agriculture.

(2) FEDERAL GOVERNMENT EMPLOYMENT.—In addition to the Chief Economist of the Department of Agriculture, the membership of the Commission may include 1 or more employees of the Department of Agriculture or other Federal agencies.

(3) DATE OF APPOINTMENTS.—The appointment of all members of the Commission shall be made not later than 60 days after the date of enactment of this Act.

(4) TERM; VACANCIES.—

(A) TERM.—A member shall be appointed for the life of the Commission.

(B) VACANCIES.—A vacancy on the Commission—

(i) shall not affect the powers of the Commission; and

(ii) shall be filled in the same manner as the original appointment was made.

(5) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold the initial meeting of the Commission.

(d) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business, but a lesser number of members may hold hearings.

(e) CHAIRPERSON.—The Secretary shall appoint 1 of the members of the Commission to serve as Chairperson of the Commission.

(f) REPORT.—Not later than 1 year after the date of enactment of this Act, the Commission shall submit to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the results of the study required by subsection (b), including such recommendations as the Commission considers appropriate.

(g) HEARINGS.—The Commission may hold such hearings, meet and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out this section.

(h) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from a Federal agency such information as the Commission considers necessary to carry out this section. On request of the Chairperson of the Commission, the head of the agency shall provide the information to the Commission.

(i) POSTAL SERVICES.—The Commission may use the United States mail in the same manner and under the same conditions as other agencies of the Federal Government.

(j) ASSISTANCE FROM SECRETARY.—The Secretary may provide to the Commission appropriate office space and such reasonable administrative and support services as the Commission may request.

(k) COMPENSATION OF MEMBERS.—

(1) **NON-FEDERAL EMPLOYEES.**—A member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the performance of the duties of the Commission.

(2) **FEDERAL EMPLOYEES.**—A member of the Commission who is an officer or employee of the Federal Government shall serve without compensation in addition to the compensation received for the services of the member as an officer or employee of the Federal Government.

(3) **TRAVEL EXPENSES.**—A member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

(l) **FEDERAL ADVISORY COMMITTEE ACT.**—Sections 9 and 14 of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Commission or any proceeding of the Commission.

(m) **TERMINATION.**—The Commission shall terminate on September 30, 2023.

SEC. 12610. EXCEPTIONS UNDER UNITED STATES GRAIN STANDARDS ACT.

(a) **GEOGRAPHIC BOUNDARIES FOR OFFICIAL AGENCIES.**—Section 7 of the United States Grain Standards Act (7 U.S.C. 79) is amended—

(1) in subsection (f)(2)—

(A) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (iii), and (iv), respectively, and indenting appropriately;

(B) in the matter preceding clause (i) (as so redesignated), by striking “Not more” and inserting the following:

“(A) **IN GENERAL.**—Subject to subparagraph (B), not more”;

(C) in subparagraph (A) (as so designated), in the matter preceding clause (i) (as so redesignated), by striking “Secretary, except that, if” and inserting the following: “Secretary.

“(B) **EXCEPTIONS.**—Subject to subsection (g)(4)(A), if”;

(D) in subparagraph (B) (as so designated), by inserting after clause (i) the following:

“(ii) a person requesting inspection services in that geographic area has not been receiving official inspection services from the current designated official agency for that geographic area;”;

(E) by adding at the end the following:

“(C) **TERMINATION OF NONUSE OF SERVICE EXCEPTION.**—

The exception under subparagraph (B)(ii) may only be terminated if all parties to that exception jointly agree on the termination, unless terminated according to subsection (g)(4)(A).

“(D) **RESTORATION OF CERTAIN EXCEPTIONS.**—

“(i) DEFINITION OF ELIGIBLE GRAIN HANDLING FACILITY.—In this subparagraph, the term ‘eligible grain handling facility’ means a grain handling facility that—

“(I) was granted an exception under the final rule entitled ‘Exceptions to Geographic Areas for Official Agencies Under the USGSA’ (68 Fed. Reg. 19137 (April 18, 2003)); and

“(II) had that exception revoked between September 30, 2015, and the date of enactment of the Agriculture Improvement Act of 2018.

“(ii) RESTORATION OF EXCEPTIONS.—Within 90 days of notification from an eligible grain handling facility, the Secretary shall restore an exception described in clause (i)(I) with an official agency if—

“(I) the eligible grain handling facility and the former excepted official agency agree to restore that exception; and

“(II) the eligible grain handling facility notifies the Secretary of the preferred date for restoration of the exception within 90 days of enactment of the Agriculture Improvement Act of 2018.”; and

(2) in subsection (g), by adding at the end the following:

“(4) EFFECT ON EXCEPTIONS.—

“(A) IN GENERAL.—The exceptions under clauses (ii) and (iv) of subsection (f)(2)(B) shall not apply if the designation of an official agency is terminated, pursuant to paragraph (1).

“(B) DESIGNATION RENEWED OR RESTORED.—If the designation of an official agency is renewed or restored after being terminated under paragraph (1), the Secretary may renew or restore the exceptions under subsection (f)(2)(B) in accordance with that subsection.”.

(b) UNAUTHORIZED WEIGHING PROHIBITED.—Section 7A(i)(2) of the United States Grain Standards Act (7 U.S.C. 79a(i)(2)) is amended—

(1) by redesignating subparagraphs (A) and (B) as clauses (i) and (iii), respectively, and indenting appropriately;

(2) in the matter preceding clause (i) (as so redesignated), by striking “Not more” and inserting the following:

“(A) IN GENERAL.—Subject to subparagraph (B), not more”;

(3) in subparagraph (A) (as so designated), in the matter preceding clause (i) (as so redesignated), by striking “Secretary, except that, if” and inserting the following: “Secretary.

“(B) EXCEPTIONS.—If”;

(4) in subparagraph (B) (as so designated)—

(A) in clause (i), by striking “or” at the end; and

(B) by inserting after clause (i) the following:

“(ii) a person requesting weighing services in that geographic area has not been receiving official weighing services from the current designated official agency for that geographic area; or”;

(5) by adding after subparagraph (B) (as so designated)—

“(C) RESTORATION OF CERTAIN EXCEPTIONS.—

“(i) DEFINITION OF ELIGIBLE GRAIN HANDLING FACILITY.—In this subparagraph, the term ‘eligible

grain handling facility’ means a grain handling facility that—

“(I) was granted an exception under the final rule entitled ‘Exceptions to Geographic Areas for Official Agencies Under the USGSA’ (68 Fed. Reg. 19137 (April 18, 2003)); and

“(II) had that exception revoked between September 30, 2015 and the date of enactment of the Agriculture Improvement Act of 2018.

“(ii) RESTORATION OF EXCEPTIONS.—Within 90 days of notification from an eligible grain handling facility, the Secretary shall restore an exception described in clause (i)(I) with an official agency if—

“(I) the eligible grain handling facility and the former excepted official agency agree to restore that exception; and

“(II) the eligible grain handling facility notifies the Secretary of the preferred date for restoration of the exception within 90 days of enactment of the Agriculture Improvement Act of 2018.”

(c) TECHNICAL CORRECTION.—Section 7(f)(1) of the United States Grain Standards Act (7 U.S.C. 79(f)(1)) is amended by indenting subparagraph (C) appropriately.

SEC. 12611. CONFERENCE REPORT REQUIREMENT THRESHOLD.

Section 14209(a)(3)(A) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 2255b(a)(3)(A)) is amended by striking “\$10,000” and inserting “\$50,000”.

SEC. 12612. NATIONAL AGRICULTURE IMAGERY PROGRAM.

7 USC 2204j.

(a) IN GENERAL.—The Secretary of Agriculture, acting through the Administrator of the Farm Service Agency, shall carry out a national agriculture imagery program to annually acquire aerial imagery during agricultural growing seasons from the continental United States.

(b) DATA.—The aerial imagery acquired under this section shall—

- (1) consist of high resolution processed digital imagery;
- (2) be made available in a format that can be provided to Federal, State, and private sector entities;
- (3) be technologically compatible with geospatial information technology; and
- (4) be consistent with the standards established by the Federal Geographic Data Committee.

(c) SUPPLEMENTAL SATELLITE IMAGERY.—The Secretary of Agriculture may supplement the aerial imagery collected under this section with satellite imagery.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$23,000,000 for fiscal year 2019 and each fiscal year thereafter.

SEC. 12613. REPORT ON INCLUSION OF NATURAL STONE PRODUCTS IN COMMODITY PROMOTION, RESEARCH, AND INFORMATION ACT OF 1996.

Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report

examining the effect the establishment of a Natural Stone Research and Promotion Board pursuant to the Commodity Promotion, Research, and Information Act of 1996 (7 U.S.C. 7401 et seq.) would have on the natural stone industry, including how such a program would effect—

- (1) research conducted on, and the promotion of, natural stone;
- (2) the development and expansion of domestic markets for natural stone;
- (3) economic activity of the natural stone industry subject to such a Board;
- (4) economic development in rural areas; and
- (5) benefits to consumers in the United States of natural stone products.

SEC. 12614. ESTABLISHMENT OF FOOD ACCESS LIAISON.

(a) **IN GENERAL.**—Subtitle A of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6901 et seq.), as amended by sections 12202, 12302, 12403, and 12504, is amended by adding at the end the following:

7 USC 6925.

“SEC. 225. FOOD ACCESS LIAISON.

“(a) **ESTABLISHMENT.**—The Secretary shall establish the position of Food Access Liaison to coordinate Department programs to reduce barriers to food access and monitor and evaluate the progress of such programs in accordance with this section.

“(b) **DUTIES.**—The Food Access Liaison shall—

“(1) coordinate the efforts of the Department, including regional offices, to experiment and consider programs and policies aimed at reducing barriers to food access for consumers, including but not limited to participants in nutrition assistance programs;

“(2) provide outreach to entities engaged in activities to reduce barriers to food access in accordance with the statutory authorization for each program;

“(3) provide outreach to entities engaged in activities to reduce barriers to food access, including retailers, markets, producers, and others involved in food production and distribution, with respect to the availability of, and eligibility for, Department programs;

“(4) raise awareness of food access issues in interactions with employees of the Department;

“(5) make recommendations to the Secretary with respect to efforts to reduce barriers to food access; and

“(6) submit to Congress an annual report with respect to the efforts of the Department to reduce barriers to food access.”.

7 USC 6925 note.

(b) **TECHNICAL ASSISTANCE.**—The Secretary shall provide technical assistance to entities that are participants, or seek to participate, in Department of Agriculture programs related to reduction of barriers to food access.

7 USC 6622b.

SEC. 12615. ELIGIBILITY FOR OPERATORS ON HEIRS PROPERTY LAND TO OBTAIN A FARM NUMBER.

(a) **DEFINITIONS.**—In this section:

(1) **ELIGIBLE DOCUMENTATION.**—The term “eligible documentation”, with respect to land for which a farm operator

seeks assignment of a farm number under subsection (b)(1), includes—

(A) in States that have adopted a statute consisting of an enactment or adoption of the Uniform Partition of Heirs Property Act, as approved and recommended for enactment in all States by the National Conference of Commissioners on Uniform State Laws in 2010—

(i) a court order verifying the land meets the definition of heirs property (as defined in that Act); or

(ii) a certification from the local recorder of deeds that the recorded owner of the land is deceased and not less than 1 heir of the recorded owner of the land has initiated a procedure to retitle the land in the name of the rightful heir;

(B) a fully executed, unrecorded tenancy-in-common agreement that sets out ownership rights and responsibilities among all of the owners of the land that—

(i) has been approved by a majority of the ownership interests in that property;

(ii) has given a particular owner the right to manage and control any portion or all of the land for purposes of operating a farm or ranch; and

(iii) was validly entered into under the authority of the jurisdiction in which the land is located;

(C) the tax return of a farm operator farming a property with undivided interests for each of the 5 years preceding the date on which the farm operator submits the tax returns as eligible documentation under subsection (b);

(D) self-certification that the farm operator has control of the land for purposes of operating a farm or ranch; and

(E) any other documentation identified by the Secretary under subsection (c).

(2) FARM NUMBER.—The term “farm number” has the meaning given the term in section 718.2 of title 7, Code of Federal Regulations (as in effect on the date of enactment of this Act).

(b) FARM NUMBER.—

(1) IN GENERAL.—The Secretary shall provide for the assignment of a farm number to any farm operator who provides any form of eligible documentation for purposes of demonstrating that the farm operator has control of the land for purposes of defining that land as a farm.

(2) ELIGIBILITY.—Any farm number provided under paragraph (1) shall be sufficient to satisfy any requirement of the Secretary to have a farm number to participate in a program of the Secretary.

(c) ELIGIBLE DOCUMENTATION.—The Secretary shall identify alternative forms of eligible documentation that a farm operator may provide in seeking the assignment of a farm number under subsection (b)(1).

SEC. 12616. EXTENDING PROHIBITION ON ANIMAL FIGHTING TO THE TERRITORIES.

(a) IN GENERAL.—Section 26 of the Animal Welfare Act (7 U.S.C. 2156) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking “Except as provided in paragraph (3), it” and inserting “It”; and

(B) by striking paragraph (3);

(2) by striking subsection (d); and

(3) by redesignating subsections (e), (f), (g), (h), (i), and

(j) as subsections (d), (e), (f), (g), (h), and (i), respectively.

(b) **USE OF POSTAL SERVICE OR OTHER INTERSTATE INSTRUMENTALITIES.**—Section 26(c) of the Animal Welfare Act (7 U.S.C. 2156(c)) is amended by striking “(e)” and inserting “(d)”.

(c) **CRIMINAL PENALTIES.**—Subsection (i) of section 26 of the Animal Welfare Act (7 U.S.C. 2156), as redesignated by section 2(3), is amended by striking “(e)” and inserting “(d)”.

(d) **ENFORCEMENT OF ANIMAL FIGHTING PROHIBITIONS.**—Section 49(a) of title 18, United States Code, is amended by striking “(e)” and inserting “(d)”.

7 USC 2156 note.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date that is one year after the date of the enactment of this Act.

16 USC 1538
note.

SEC. 12617. EXEMPTION OF EXPORTATION OF CERTAIN ECHINODERMS FROM PERMISSION AND LICENSING REQUIREMENTS.

(a) **DEFINITIONS.**—In this section:

(1) **CONSERVATION AND MANAGEMENT.**—The term “conservation and management” has the meaning given the term in section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802).

(2) **MARINE FISHERIES COMMISSION.**—The term “Marine Fisheries Commission” means an interstate commission (as that term is used in the Interjurisdictional Fisheries Act of 1986 (16 USC 4101 et seq.)).

(3) **STATE JURISDICTION.**—The term “State jurisdiction” means areas under the jurisdiction and authority of a State as described in section 306(a)(2) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1856(a)(2)).

(b) **EXEMPTION.**—Not later than 90 days after the date of enactment of this Act, the Director of the United States Fish and Wildlife Service shall amend section 14.92 of title 50, Code of Federal Regulations, to clarify that—

(1) except as provided in paragraph (2) and subsection (d)(2)—

(A) fish and wildlife described in subsection (c) are fishery products exempt from the export permission requirements of section 9(d)(1) of the Endangered Species Act of 1973 (16 U.S.C. 1538(d)(1)); and

(B) any person may engage in business as an exporter of fish or wildlife described in subsection (c) without procuring—

(i) permission under section 9(d)(1) of the Endangered Species Act of 1973 (16 U.S.C. 1538(d)(1)); or

(ii) an export license under subpart I of part 14 of title 50, Code of Federal Regulations (or successor regulations); and

(2) notwithstanding paragraph (1), unless the person has qualified for and obtained an export license described in paragraph (1)(B)(ii), any person that has been convicted of 1 or more violations of a Federal law relating to the importation,

transportation, or exportation of wildlife shall not be permitted, during the 5-year period beginning on the date of the most recent conviction, to engage in business as an exporter of fish or wildlife described in subsection (c).

(c) COVERED FISH OR WILDLIFE.—The fish or wildlife referred to in subsection (b) are members of the species *Strongylocentrotus droebachiensis* (commonly known as the “green sea urchin”), including any products of that species, that—

(1) do not require a permit under part 16, 17, or 23 of title 50, Code of Federal Regulations (or successor regulations);

(2)(A) are harvested in waters under State jurisdiction;

or

(B) are imported for processing in the United States pursuant to an import license as required under section 14.91 of title 50, Code of Federal Regulations (or a successor regulation), and not exempt from import license requirements under section 14.92 of that title (as in effect on the day before the date of enactment of this Act); and

(3) are exported for purposes of human or animal consumption.

(d) INFORMATION COLLECTION ON EXPORTS.—

(1) IN GENERAL.—The State agency that regulates or otherwise oversees a State fishery in which the fish and wildlife described in subsection (c) are harvested shall annually transmit the conservation and management data (as defined in subsection (a)) to the Interstate Fisheries Management Program Policy Board of the applicable Marine Fisheries Commission.

(2) PRIVACY.—Such data thereafter shall not be released and shall be maintained as confidential by such applicable Marine Fisheries Commission, including data requested under the section 552 of title 5, United States Code, unless disclosure is required under court order or unless the data is essential for an enforcement action under Federal wildlife management laws.

(3) EXCLUSION.—The exemption under subsection (b)(1) shall not apply in a State if—

(A) the State fails to transmit the data required under paragraph (1); or

(B) the applicable Marine Fisheries Commission determines, in consultation with the primary research agency of such Commission, after notice and an opportunity to comment, that the data required under paragraph (1) fails to prove that the State agency or official is engaged in conservation and management of the fish or wildlife described in subsection (c).

SEC. 12618. DATA ON CONSERVATION PRACTICES.

Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended by adding at the end the following:

“SEC. 1247. DATA ON CONSERVATION PRACTICES.

16 USC 3847.

“(a) DATA ON CONSERVATION PRACTICES.—The Secretary shall identify available data sets within the Department of Agriculture regarding the use of conservation practices and the effect of such practices on farm and ranch profitability (including such effects relating to crop yields, soil health, and other risk-related factors).

“(b) REPORT.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that includes—

“(1) a summary of the data sets identified under subsection (a);

“(2) a summary of the steps the Secretary would have to take to provide access to such data sets by university researchers, including taking into account any technical, privacy, or administrative considerations;

“(3) a summary of safeguards the Secretary employs when providing access to data to university researchers;

“(4) a summary of appropriate procedures to maximize the potential for research benefits while preventing any violations of privacy or confidentiality; and

“(5) recommendations for any necessary authorizations or clarifications of Federal law to allow access to such data sets to maximize the potential for research benefits.”.

SEC. 12619. CONFORMING CHANGES TO CONTROLLED SUBSTANCES ACT.

(a) IN GENERAL.—Section 102(16) of the Controlled Substances Act (21 U.S.C. 802(16)) is amended—

(1) by striking “(16) The” and inserting “(16)(A) Subject to subparagraph (B), the”; and

(2) by striking “Such term does not include the” and inserting the following:

“(B) The term ‘marihuana’ does not include—

“(i) hemp, as defined in section 297A of the Agricultural Marketing Act of 1946; or

“(ii) the”.

(b) TETRAHYDROCANNABINOL.—Schedule I, as set forth in section 202(c) of the Controlled Substances Act (21 U.S.C. 812(c)), is amended in subsection (c)(17) by inserting after “Tetrahydrocannabinols” the following: “, except for tetrahydrocannabinols in hemp (as defined under section 297A of the Agricultural Marketing Act of 1946)”.

Approved December 20, 2018.

LEGISLATIVE HISTORY—H.R. 2:

HOUSE REPORTS: Nos. 115–661 (Comm. on Agriculture) and 115–1072 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 164 (2018):

May 16–18, considered and failed House.

June 21, considered and passed House.

June 27, 28, considered and passed Senate, amended.

Dec. 11, Senate agreed to the conference report.

Dec. 12, House agreed to the conference report.

DAILY COMPILATION OF PRESIDENTIAL DOCUMENTS (2018):

Dec. 20, Presidential remarks and statement.



20231676er

1
2 An act relating to hemp; amending s. 500.03, F.S.;
3 revising the definition of the term "food"; providing
4 that hemp extract is considered a food subject to
5 certain requirements; amending s. 581.217, F.S.;
6 revising legislative findings regarding the state hemp
7 program; defining the term "attractive to children";
8 revising definitions; revising the requirements that
9 hemp extract must meet before being distributed and
10 sold in this state; providing that hemp extract may
11 only be sold to businesses in this state which meet
12 certain permitting requirements; providing that hemp
13 extract distributed or sold in this state must meet
14 certain requirements; prohibiting products intended
15 for human ingestion which contain hemp extract from
16 being sold to persons under a specified age; providing
17 civil and criminal penalties; providing enhanced
18 criminal penalties for second or subsequent violations
19 within a specified timeframe; providing that certain
20 products are subject to an immediate stop-sale order;
21 requiring the Department of Agriculture and Consumer
22 Services to adopt specified rules; removing obsolete
23 provisions; reenacting s. 893.02(3), F.S., relating to
24 the definition of the term "cannabis," to incorporate
25 the amendments made to s. 581.217, F.S., in a
26 reference thereto; providing an effective date.

27
28 Be It Enacted by the Legislature of the State of Florida:
29

20231676er

30 Section 1. Paragraph (n) of subsection (1) of section
31 500.03, Florida Statutes, is amended, and subsection (4) is
32 added to that section, to read:

33 500.03 Definitions; construction; applicability.—

34 (1) For the purpose of this chapter, the term:

35 (n) "Food" includes:

36 1. Articles used for food or drink for human consumption;

37 2. Chewing gum;

38 3. Articles used for components of any such article;

39 4. Articles for which health claims are made, which claims
40 are approved by the Secretary of the United States Department of
41 Health and Human Services and which claims are made in
42 accordance with s. 343(r) of the federal act, and which are not
43 considered drugs solely because their labels or labeling contain
44 health claims; ~~and~~

45 5. Dietary supplements as defined in 21 U.S.C. s.
46 321(ff)(1) and (2); and

47 6. Hemp extract as defined in s. 581.217.

48

49 The term includes any raw, cooked, or processed edible
50 substance; ice; any beverage; or any ingredient used, intended
51 for use, or sold for human consumption.

52 (4) For the purposes of this chapter, hemp extract is
53 considered a food that requires time and temperature control for
54 the safety and integrity of product.

55 Section 2. Paragraph (b) of subsection (2) and subsections
56 (3), (7), and (12) of section 581.217, Florida Statutes, are
57 amended to read:

58 581.217 State hemp program.—

20231676er

59 (2) LEGISLATIVE FINDINGS.—The Legislature finds that:

60 (b) Hemp-derived cannabinoids, including, but not limited
61 to, cannabidiol, are not controlled substances or adulterants if
62 they are in compliance with this section.

63 (3) DEFINITIONS.—As used in this section, the term:

64 (a) “Attractive to children” means manufactured in the
65 shape of humans, cartoons, or animals; manufactured in a form
66 that bears any reasonable resemblance to an existing candy
67 product that is familiar to the public as a widely distributed,
68 branded food product such that a product could be mistaken for
69 the branded product, especially by children; or containing any
70 color additives.

71 (b) ~~(a)~~ “Certifying agency” has the same meaning as in s.
72 578.011(8).

73 (c) ~~(b)~~ “Contaminants unsafe for human consumption”
74 includes, but is not limited to, any microbe, fungus, yeast,
75 mildew, herbicide, pesticide, fungicide, residual solvent,
76 metal, or other contaminant found in any amount that exceeds any
77 of the accepted limitations as determined by rules adopted by
78 the Department of Health in accordance with s. 381.986, or other
79 limitation pursuant to the laws of this state, whichever amount
80 is less.

81 (d) ~~(e)~~ “Cultivate” means planting, watering, growing, or
82 harvesting hemp.

83 (e) ~~(d)~~ “Hemp” means the plant *Cannabis sativa* L. and any
84 part of that plant, including the seeds thereof, and all
85 derivatives, extracts, cannabinoids, isomers, acids, salts, and
86 salts of isomers thereof, whether growing or not, that has a
87 total delta-9-tetrahydrocannabinol concentration that does not

20231676er

88 exceed 0.3 percent on a dry-weight basis, with the exception of
89 hemp extract, which may not exceed 0.3 percent total delta-9-
90 tetrahydrocannabinol on a wet-weight basis.

91 (f)~~(e)~~ "Hemp extract" means a substance or compound
92 intended for ingestion, containing more than trace amounts of a
93 cannabinoid, or for inhalation which is derived from or contains
94 hemp and which does not contain ~~other~~ controlled substances. The
95 term does not include synthetic cannabidiol ~~CBD~~ or seeds or
96 seed-derived ingredients that are generally recognized as safe
97 by the United States Food and Drug Administration.

98 (g)~~(f)~~ "Independent testing laboratory" means a laboratory
99 that:

100 1. Does not have a direct or indirect interest in the
101 entity whose product is being tested;

102 2. Does not have a direct or indirect interest in a
103 facility that cultivates, processes, distributes, dispenses, or
104 sells hemp or hemp extract in the state or in another
105 jurisdiction or cultivates, processes, distributes, dispenses,
106 or sells marijuana, as defined in s. 381.986; and

107 3. Is accredited by a third-party accrediting body as a
108 competent testing laboratory pursuant to ISO/IEC 17025 of the
109 International Organization for Standardization.

110 (7) DISTRIBUTION AND RETAIL SALE OF HEMP EXTRACT.—

111 (a) Hemp extract may only be distributed and sold in the
112 state if the product:

113 1. Has a certificate of analysis prepared by an independent
114 testing laboratory that states:

115 a. The hemp extract is the product of a batch tested by the
116 independent testing laboratory;

20231676er

117 b. The batch contained a total delta-9-tetrahydrocannabinol
118 concentration that did not exceed 0.3 percent pursuant to the
119 testing of a random sample of the batch; ~~and~~

120 c. The batch does not contain contaminants unsafe for human
121 consumption; and

122 d. The batch was processed in a facility that holds a
123 current and valid permit issued by a human health or food safety
124 regulatory entity with authority over the facility, and that
125 facility meets the human health or food safety sanitization
126 requirements of the regulatory entity. Such compliance must be
127 documented by a report from the regulatory entity confirming
128 that the facility meets such requirements.

129 2. Is distributed or sold in a container that includes:

130 a. A scannable barcode or quick response code linked to the
131 certificate of analysis of the hemp extract batch by an
132 independent testing laboratory;

133 b. The batch number;

134 c. The Internet address of a website where batch
135 information may be obtained;

136 d. The expiration date; and

137 e. The number of milligrams of each marketed cannabinoid
138 per serving.

139 3. Is distributed or sold in a container that:

140 a. Is suitable to contain products for human consumption;

141 b. Is composed of materials designed to minimize exposure
142 to light;

143 c. Mitigates exposure to high temperatures;

144 d. Is not attractive to children; and

145 e. Is compliant with the United States Poison Prevention

20231676er

146 Packaging Act of 1970, 15 U.S.C. ss. 1471 et seq., without
147 regard to provided exemptions.

148 (b) Hemp extract may only be sold to a business in this
149 state if that business is properly permitted as required by this
150 section.

151 (c) Hemp extract distributed or sold in this state is
152 subject to the applicable requirements of ~~violation of this~~
153 ~~section shall be considered adulterated or misbranded pursuant~~
154 ~~to~~ chapter 500, chapter 502, or chapter 580.

155 (d)~~(e)~~ Products that are intended for human ingestion or
156 inhalation and that contain hemp extract, including, but not
157 limited to, snuff, chewing gum, and other smokeless products,
158 may not be sold in this state to a person who is under 21 years
159 of age. A person who violates this paragraph commits a
160 misdemeanor of the second degree, punishable as provided in s.
161 775.082 or s. 775.083. A person who commits a second or
162 subsequent violation of this paragraph within 1 year after the
163 initial violation commits a misdemeanor of the first degree,
164 punishable as provided in s. 775.082 or s. 775.083.

165 (e) Hemp extract distributed or sold in violation of this
166 subsection is subject to s. 500.172 and penalties as provided in
167 s. 500.121. Hemp extract products found to be mislabeled or
168 attractive to children are subject to an immediate stop-sale
169 order.

170 (12) RULES. ~~By August 1, 2019,~~ The department shall adopt
171 rules, ~~in consultation with the Department of Health and the~~
172 ~~Department of Business and Professional Regulation, shall~~
173 ~~initiate rulemaking~~ to administer the state hemp program. The
174 rules must provide for:

20231676er

175 (a) A procedure that uses post-decarboxylation or other
176 similarly reliable methods for testing the delta-9-
177 tetrahydrocannabinol concentration of cultivated hemp.

178 (b) A procedure for the effective disposal of plants,
179 whether growing or not, that are cultivated in violation of this
180 section or department rules, and products derived from those
181 plants.

182 (c) Packaging and labeling requirements that ensure that
183 hemp extract intended for human ingestion or inhalation is not
184 attractive to children.

185 (d) Advertising regulations that ensure that hemp extract
186 intended for human ingestion or inhalation is not marketed or
187 advertised in a manner that specifically targets or is
188 attractive to children.

189 Section 3. For the purpose of incorporating the amendments
190 made by this act to section 581.217, Florida Statutes, in a
191 reference thereto, subsection (3) of section 893.02, Florida
192 Statutes, is reenacted to read:

193 893.02 Definitions.—The following words and phrases as used
194 in this chapter shall have the following meanings, unless the
195 context otherwise requires:

196 (3) "Cannabis" means all parts of any plant of the genus
197 *Cannabis*, whether growing or not; the seeds thereof; the resin
198 extracted from any part of the plant; and every compound,
199 manufacture, salt, derivative, mixture, or preparation of the
200 plant or its seeds or resin. The term does not include
201 "marijuana," as defined in s. 381.986, if manufactured,
202 possessed, sold, purchased, delivered, distributed, or
203 dispensed, in conformance with s. 381.986. The term does not

20231676er

204 include hemp as defined in s. 581.217 or industrial hemp as
205 defined in s. 1004.4473.

206 Section 4. This act shall take effect July 1, 2023.

Chapter 255

(Senate Bill 516)

AN ACT concerning

Cannabis Reform

FOR the purpose of renaming the Alcohol and Tobacco Commission to be the Alcohol, Tobacco, and Cannabis Commission; establishing the Maryland Cannabis Administration as an independent unit of State government; establishing a regulatory and licensing system for adult-use cannabis under the ~~Commission Administration~~; imposing the sales and use tax on the sale of adult-use cannabis at ~~certain rates in certain fiscal years~~ a certain rate; establishing the Office of Social Equity, in the Maryland Cannabis Administration and the Advisory Board on Medical and Adult-Use Cannabis, and the Social Equity Partnership Grant Fund in the Commission; altering provisions of law relating to the Community Reinvestment and Repair Fund; ~~establishing the Cannabis Regulation and Enforcement Division in the Commission~~; requiring the Division Administration to establish and maintain a State cannabis testing laboratory; establishing the Cannabis Regulation and Enforcement Fund as a special, nonlapsing fund; requiring that the investment earnings of the Cannabis Regulation and Enforcement Fund be credited to the Fund; repealing certain provisions of law establishing and governing the Natalie M. LaPrade Medical Cannabis Commission; requiring the Division Administration, rather than the Natalie M. LaPrade Medical Cannabis Commission, to take certain actions related to medical cannabis; requiring the Division Administration, on or before a certain date and under certain circumstances, to convert medical cannabis licenses to licenses to operate a medical and adult-use cannabis business; regulating the actions that ~~local jurisdictions~~ political subdivisions may take regarding cannabis businesses; prohibiting certain individuals from taking certain actions related to cannabis licensees and registrants; establishing the Medical Cannabis Compassionate Use Fund as a special, nonlapsing fund; requiring that the interest earnings of the Medical Cannabis Compassionate Use Fund be credited to the Fund; authorizing certain entities to register with the Division Administration to purchase cannabis for research purposes; establishing prohibitions related to the advertising of cannabis and cannabis products; requiring a person to be approved by the Division Administration to offer a certain training program; establishing certain legal protections related to the use of cannabis; establishing a Capital Access Program in the Department of Commerce; establishing certain prohibitions related to banking by cannabis businesses; altering certain provisions of law relating to the Cannabis Business Assistance Fund; exempting the Commission from State procurement requirements under certain circumstances; requiring a cannabis licensee, under certain circumstances, to comply with the State's Minority Business Enterprise Program; requiring the Administration to contract with an independent consultant to complete a study on wholesale cannabis licenses; requiring the study to be submitted to certain persons on or before a certain date; requiring the Maryland Economic Development Corporation to identify certain locations and submit a

certain report to the General Assembly; requiring the Administration to study and report on certain matters relating to on-site consumption and certain cannabis products; requiring that certain growers be awarded certain dispensary licenses under certain circumstances; providing that certain businesses that were awarded certain approval for a processor license be entered into a certain lottery; and generally relating to medical and adult-use cannabis.

BY repealing

Article – Health – General

Section 13–3301 through 13–3316 and the subtitle “Subtitle 33. Natalie M. LaPrade Medical Cannabis Commission”

Annotated Code of Maryland

(2019 Replacement Volume and 2022 Supplement)

BY repealing

Article – Health – General

The subtitle designation “Subtitle 46. Community Reinvestment and Repair Fund” immediately preceding Section 13–4601

Annotated Code of Maryland

(2019 Replacement Volume and 2022 Supplement)

(As enacted by Chapter 26 of the Acts of the General Assembly of 2022)

BY transferring

Article – Health – General

Section 13–4601

Annotated Code of Maryland

(2019 Replacement Volume and 2022 Supplement)

(As enacted by Chapter 26 of the Acts of the General Assembly of 2022)

to be

Article – Alcoholic Beverages

Section 1–322

Annotated Code of Maryland

(2016 Volume and 2022 Supplement)

BY renumbering

Article – Alcoholic Beverages

Section 1–101(d) through (y) and (z) through (ii)

to be Section 1–101(e) through (z) and (bb) through (kk), respectively

Annotated Code of Maryland

(2016 Volume and 2022 Supplement)

BY repealing and reenacting, without amendments,

Article – Alcoholic Beverages

Section 1–101(a)

Annotated Code of Maryland

(2016 Volume and 2022 Supplement)

BY adding toArticle – Alcoholic BeveragesSection 1–101(d) and (aa), 1–309.1, 1–309.2, and 1–323; and 36–101 through 36–1507 to be under the new division “Division III. Cannabis”Annotated Code of Maryland(2016 Volume and 2022 Supplement)BY repealing and reenacting, with amendments,Article – Alcoholic BeveragesSection 1–101(g) and (r)Annotated Code of Maryland(2016 Volume and 2022 Supplement)(As enacted by Section 4 of this Act)

BY repealing and reenacting, with amendments,

Article – Alcoholic Beverages

Section ~~1–101(f) and (e)~~ 1–202; and 1–302, 1–303(a), 1–304, 1–307 through 1–310, and 1–313 to be under the amended subtitle “Subtitle 3. Alcohol, Tobacco, and Cannabis Commission”

Annotated Code of Maryland

(2016 Volume and 2022 Supplement)

~~BY adding to~~~~Article – Alcoholic Beverages~~~~Section 1–309.1, 1–309.2, and 1–323; and 36–101 through 36–1507 to be under the new division “Division III. Cannabis”~~~~Annotated Code of Maryland~~~~(2016 Volume and 2022 Supplement)~~

BY repealing and reenacting, with amendments,

Article – Alcoholic Beverages

Section 1–322

Annotated Code of Maryland

(2016 Volume and 2022 Supplement)

(As enacted by Section 3 of this Act)

BY adding to

Article – Tax – General

Section 2–1302.2, 11–104(k), and 11–245

Annotated Code of Maryland

(2022 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 2–1303

Annotated Code of Maryland
(2022 Replacement Volume)

BY repealing and reenacting, with amendments,
Article – Economic Development
Section 5–1901
Annotated Code of Maryland
(2018 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, without amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(i)
Annotated Code of Maryland
(2021 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section ~~6–201(e)~~ and ~~6–226(a)(2)(ii)~~ 170. and 171.
Annotated Code of Maryland
(2021 Replacement Volume and 2022 Supplement)

BY adding to
Article – State Finance and Procurement
Section 6–226(a)(2)(ii) 172. and 173.
Annotated Code of Maryland
(2021 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,
Article – State Personnel and Pensions
Section 23–201(a)(13) and (14) and 26–201(a)(22)
Annotated Code of Maryland
(2015 Replacement Volume and 2022 Supplement)

BY adding to
Article – State Personnel and Pensions
Section 23–201(a)(15)
Annotated Code of Maryland
(2015 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,
Article – Health – General
Section 13–4505
Annotated Code of Maryland
(2019 Replacement Volume and 2022 Supplement)

BY renaming

Article – Alcoholic Beverages
to be Article – Alcoholic Beverages and Cannabis
Annotated Code of Maryland
(2016 Volume and 2022 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 13–3301 through 13–3316 and the subtitle “Subtitle 33. Natalie M. LaPrade Medical Cannabis Commission” of Article – Health – General of the Annotated Code of Maryland be repealed.

SECTION 2. AND BE IT FURTHER ENACTED, That the subtitle designation “Subtitle 46. Community Reinvestment and Repair Fund” immediately preceding § 13–4601 of the Health – General Article be repealed.

SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 13–4601 of Article – Health – General of the Annotated Code of Maryland be transferred to be Section(s) 1–322 of Article – Alcoholic Beverages of the Annotated Code of Maryland.

SECTION 4. AND BE IT FURTHER ENACTED, That Section(s) 1–101(d) through (y) and (z) through (ii) of Article – Alcoholic Beverages of the Annotated Code of Maryland be renumbered to be Section(s) 1–101(e) through (z) and (bb) through (kk), respectively.

SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Alcoholic Beverages

1–101.

(a) In this article the following words have the meanings indicated.

(D) (1) “CANNABIS” MEANS THE PLANT CANNABIS SATIVA L. AND ANY PART OF THE PLANT, INCLUDING ALL DERIVATIVES, EXTRACTS, CANNABINOIDS, ISOMERS, ACIDS, SALTS, AND SALTS OF ISOMERS, WHETHER GROWING OR NOT, WITH A DELTA–9–Tetrahydrocannabinol concentration greater than 0.3% on a dry weight basis.

(2) “CANNABIS” INCLUDES CANNABIS PRODUCTS.

(3) “CANNABIS” DOES NOT INCLUDE HEMP OR HEMP PRODUCTS, AS DEFINED IN § 14–101 OF THE AGRICULTURE ARTICLE.

~~(g)~~ (g) “Commission” means the Alcohol [and], Tobacco, AND CANNABIS Commission.

~~(e)~~ (r) (1) “License holder” means the holder of [a] ~~AN ALCOHOLIC BEVERAGE~~ **BEVERAGES** license issued or a permit granted under this article.

(2) “License holder” includes:

(i) a county liquor control board and a county dispensary; and

(ii) for the delivery and billing purposes of Title 2, Subtitle 3 and §§ 2–213 and 2–314 of this article, a corporation on behalf of which an individual has obtained a license.

(AA) “POLITICAL SUBDIVISION” MEANS A COUNTY OR A MUNICIPALITY.

1–202.

(a) To the extent that a statement of a general rule of law conflicts or is inconsistent with an exception or a qualification applicable to a special area, particular person, or set of circumstances, the exception or qualification prevails.

(b) A provision in Division II of this article prevails over a conflicting or inconsistent provision in Division I of this article or a provision in the Tax – General Article relating to alcoholic beverages.

(C) A PROVISION IN DIVISION III OF THIS ARTICLE PREVAILS OVER A CONFLICTING OR INCONSISTENT PROVISION IN DIVISION I OF THIS ARTICLE OR A PROVISION IN THE TAX – GENERAL ARTICLE RELATING TO CANNABIS.

Subtitle 3. Alcohol [and], Tobacco, AND CANNABIS Commission.

1–302.

There is an Alcohol [and], Tobacco, AND CANNABIS Commission.

1–303.

(a) (1) The Commission consists of [five] SEVEN members to be appointed by the Governor with the advice and consent of the Senate.

(2) The presiding officer of either House of the General Assembly may recommend to the Governor a list of individuals for appointment to the Commission.

(3) Of the Commission members:

(i) one shall be knowledgeable and experienced in public health matters;

(ii) one shall be knowledgeable and experienced in law enforcement matters;

(iii) one shall be knowledgeable and experienced in the alcoholic beverages industry; [and]

~~(IV) TWO SHALL BE KNOWLEDGEABLE AND EXPERIENCED IN THE CANNABIS INDUSTRY~~ ONE SHALL HAVE EXPERTISE IN CANNABIS RESEARCH AND POLICY;

(V) ONE SHALL HAVE EXPERTISE IN ALCOHOL AND TOBACCO POLICY; AND

[(iv)] ~~(v)~~ (VI) two shall be members of the public who are knowledgeable and experienced in fiscal matters and shall have substantial experience:

1. as an executive with fiduciary responsibilities in charge of a large organization or foundation;
2. in an academic field relating to finance or economics; or
3. as an accountant, an economist, or a financial analyst.

(4) In addition to the members appointed under paragraph (3) of this subsection, the Secretary of Health and the Secretary of State Police, or their designees, may participate in the Commission as ex officio nonvoting members.

1-304.

(a) A member of the Commission may not:

(1) have a direct or indirect financial interest, ownership, or management, including holding any stocks, bonds, or other similar financial interests, in the alcohol [or], tobacco, **OR CANNABIS** industries;

(2) have an official relationship to a person who holds a license or permit under this article or Title 16, Title 16.5, Title 16.7, or Title 16.9 of the Business Regulation Article;

(3) be an elected official;

(4) receive or share in, directly or indirectly, the receipts or proceeds of any activities conducted in the alcohol [or], tobacco, **OR CANNABIS** industries;

(5) have a beneficial interest in any contract for the manufacture or sale of any device or product or the provision of any independent consulting services in connection with a holder of a license or permit issued under this article or Title 16, Title 16.5, Title 16.7, or Title 16.9 of the Business Regulation Article; or

(6) accept a contribution of money or property worth at least \$100 from an entity or individual associated with the alcohol [or], tobacco, **OR CANNABIS** industries with respect to the regulation of alcohol [or], tobacco, **OR CANNABIS**.

(b) A member of the Commission shall file a financial disclosure statement with the State Ethics Commission in accordance with Title 5, Subtitle 6 of the General Provisions Article.

1-307.

(a) The Commission has the powers and duties set forth in this section.

(b) The Commission shall:

(1) educate the public, by resource sharing and serving as an information clearinghouse, on such topics as:

(i) recent increases in alcohol content for popular beer and other beverages;

(ii) the proper limits of drinking for adults;

(iii) the adverse consequences of surpassing those limits;

(iv) parental or adult responsibility for serving alcohol to underage individuals; and

(v) comparable topics relating to smoking, vaping, tobacco, other tobacco products, [and] electronic nicotine delivery systems, **CANNABIS, AND CANNABIS PRODUCTS**; and

(2) subject to federal approval, ensure that all alcoholic beverages sold in the State with an alcohol content exceeding 4.5% by volume bear a large and conspicuous label stating the percentage of alcohol content.

(c) (1) The Commission shall conduct studies of:

(i) the operation and administration of similar laws in other states or countries; and

(ii) federal laws that may affect the operation of the alcohol [or], tobacco, **OR CANNABIS** industries, the literature on those industries, and the reaction of residents of the State to existing and potential features of those industries.

(2) The Commission shall submit to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly the studies required under this subsection.

1–308.

The Commission shall develop best practices for:

(1) the dedication of a minimum effective portion of the budget of a local licensing board to administrative enforcement activities, such as inspections, compliance checks, overservice, operations, and trade practice violations;

(2) the carrying out of compliance checks for alcoholic beverages licenses, in which each license is checked at least once a year;

(3) the development of guidelines for the minimum capacity of inspections carried out by inspectors of local licensing boards, based on the number and type of licensed outlets in the licensing jurisdiction;

(4) ensuring that alcoholic beverages inspections be based on data such as the violation history of the license holder, and calls for emergency assistance, emergency medical service, or nonemergency service, so that resources are being allocated based on where the greatest need is;

(5) the reporting of aggregate data between local police and local licensing boards;

(6) the development of mandatory State–provided training for liquor inspectors;

(7) reporting by the State to the affected local licensing board of a State–issued license or permit within 10 days after the State receives an application;

(8) the development of a public health impact statement for all changes to the State alcoholic beverages laws; [and]

(9) ensuring that:

(i) all license holders, managers, and servers receive certification from an approved alcohol awareness program; and

(ii) at least one employee who is certified in an alcohol awareness program be on the licensed premises at all times when alcoholic beverages are served;

(10) REGULATING THE CANNABIS INDUSTRY AND IMPLEMENTING PUBLIC HEALTH MEASURES RELATING TO CANNABIS; AND

(11) REGULATING, TO THE EXTENT POSSIBLE, MEDICAL AND ADULT-USE CANNABIS IN A SIMILAR MANNER.

1-309.

(a) With the advice and consent of the Senate, the Governor shall appoint an Executive Director of the Commission.

(b) The Executive Director serves at the pleasure of the Governor.

(c) The Executive Director shall:

(1) have the training and experience, including knowledge of the Maryland alcohol, **TOBACCO, AND CANNABIS** regulatory system, that is needed to direct the work of the Commission; AND

(2) ~~be a sworn police officer with the powers granted to an officer or employee of the Field Enforcement Division under § 1-313 of this subtitle; and~~

~~(3)~~ devote full time to the duties of office and may not engage in another profession or occupation.

(d) THE EXECUTIVE DIRECTOR MAY BE A SWORN POLICE OFFICER WITH THE POWERS GRANTED TO AN OFFICER OR EMPLOYEE OF THE FIELD ENFORCEMENT DIVISION UNDER § 1-313 OF THIS SUBTITLE.

(E) The Executive Director is entitled to the salary provided in the State budget.

1-309.1.

(A) (1) THERE IS AN OFFICE OF SOCIAL EQUITY WITHIN ~~IN THE~~ COMMISSION.

(2) THE OFFICE IS AN INDEPENDENT OFFICE THAT FUNCTIONS WITHIN THE MARYLAND CANNABIS ADMINISTRATION.

(B) (1) THE GOVERNOR SHALL APPOINT AN EXECUTIVE DIRECTOR OF THE OFFICE OF SOCIAL EQUITY.

(2) THE EXECUTIVE DIRECTOR OF THE OFFICE OF SOCIAL EQUITY SHALL HAVE AT LEAST 5 YEARS OF EXPERIENCE IN CIVIL RIGHTS ADVOCACY, CIVIL RIGHTS LITIGATION, OR ANOTHER AREA OF SOCIAL JUSTICE.

(C) THE OFFICE OF SOCIAL EQUITY MAY EMPLOY STAFF AND RETAIN CONTRACTORS AS MAY BE REQUIRED TO CARRY OUT THE FUNCTIONS OF THE OFFICE.

(D) THE OFFICE OF SOCIAL EQUITY SHALL:

(1) PROMOTE AND ENCOURAGE FULL PARTICIPATION IN THE REGULATED CANNABIS INDUSTRY BY PEOPLE FROM COMMUNITIES THAT HAVE PREVIOUSLY BEEN DISPROPORTIONATELY ~~HARMED~~ IMPACTED BY THE WAR ON DRUGS IN ORDER TO POSITIVELY IMPACT THOSE COMMUNITIES;

(2) CONSULT WITH AND ASSIST THE COMPTROLLER IN THE ADMINISTRATION OF THE COMMUNITY REINVESTMENT AND REPAIR FUND UNDER § 1-322 OF THIS SUBTITLE;

(3) CONSULT WITH AND ASSIST THE DEPARTMENT OF COMMERCE IN THE ADMINISTRATION OF THE CANNABIS BUSINESS ASSISTANCE FUND UNDER § 5-1901 OF THE ECONOMIC DEVELOPMENT ARTICLE;

(4) IDENTIFY AND OPPOSE REGULATIONS THAT UNNECESSARILY BURDEN OR UNDERMINE THE LEGISLATIVE INTENT OF THE OFFICE, INCLUDING REGULATIONS THAT IMPOSE UNDUE RESTRICTIONS OR FINANCIAL REQUIREMENTS;

(5) PROVIDE RECOMMENDATIONS TO THE COMMISSION ON REGULATIONS RELATED TO:

(I) DIVERSITY; AND

(II) SOCIAL EQUITY APPLICATIONS;

(6) WORK WITH THE ~~COMMISSION~~ MARYLAND CANNABIS ADMINISTRATION TO IMPLEMENT FREE TECHNICAL ASSISTANCE FOR SOCIAL EQUITY AND MINORITY CANNABIS BUSINESS APPLICANTS;

(7) PRODUCE REPORTS AND RECOMMENDATIONS ON DIVERSITY AND EQUITY IN OWNERSHIP, MANAGEMENT, AND EMPLOYMENT IN THE LEGAL CANNABIS ECONOMY; AND

(8) ASSIST BUSINESSES WITH OBTAINING FINANCING THROUGH THE CAPITAL ACCESS PROGRAM UNDER TITLE 36, SUBTITLE 14 OF THIS ARTICLE; ~~AND~~

~~(9) DETERMINE WHICH INDIVIDUALS AND ENTITIES SHALL BE GRANTED LOANS OR GRANTS FROM THE CANNABIS BUSINESS ASSISTANCE FUND UNDER § 5-1901 OF THE ECONOMIC DEVELOPMENT ARTICLE.~~

(E) (1) ON OR BEFORE MARCH 1 EACH YEAR, THE OFFICE OF SOCIAL EQUITY SHALL PRODUCE AND MAKE PUBLICLY AVAILABLE A REPORT ON HOW THE FUNDS IN THE COMMUNITY REINVESTMENT AND REPAIR FUND UNDER § 1-322 OF THIS SUBTITLE ~~AND THE CANNABIS BUSINESS ASSISTANCE FUND UNDER § 5-1901 OF THE ECONOMIC DEVELOPMENT ARTICLE WERE~~ WAS ALLOCATED DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR.

(2) THE REPORT SHALL ALSO BE SUBMITTED TO THE GENERAL ASSEMBLY IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE.

(F) (1) ON OR BEFORE NOVEMBER 1 EACH YEAR, THE OFFICE OF SOCIAL EQUITY SHALL SOLICIT PUBLIC INPUT ON THE USES OF THE FUNDS IN THE COMMUNITY REINVESTMENT AND REPAIR FUND UNDER § 1-322 OF THIS SUBTITLE ~~AND THE CANNABIS BUSINESS ASSISTANCE FUND UNDER § 5-1901 OF THE ECONOMIC DEVELOPMENT ARTICLE.~~

(2) ON OR BEFORE DECEMBER 15 EACH YEAR, THE OFFICE OF SOCIAL EQUITY SHALL PUBLISH A REVIEW OF THE INPUT RECEIVED UNDER PARAGRAPH (1) OF THIS SUBSECTION ON A PUBLICLY ACCESSIBLE PART OF THE COMMISSION'S WEBSITE.

1-309.2.

(A) IN THIS SECTION, "ADVISORY BOARD" MEANS THE ADVISORY BOARD ON MEDICAL AND ADULT-USE CANNABIS.

(B) THERE IS AN ADVISORY BOARD ON MEDICAL AND ADULT-USE CANNABIS.

(C) THE ADVISORY BOARD SHALL:

(1) CONSIDER ALL MATTERS SUBMITTED TO IT BY THE COMMISSION, THE GOVERNOR, THE ~~CANNABIS REGULATION AND ENFORCEMENT DIVISION~~ MARYLAND CANNABIS ADMINISTRATION, OR THE GENERAL ASSEMBLY; AND

(2) ON ITS OWN INITIATIVE, PROVIDE RECOMMENDATIONS TO THE COMMISSION OR THE ~~CANNABIS REGULATION AND ENFORCEMENT DIVISION~~ MARYLAND CANNABIS ADMINISTRATION ESTABLISHED UNDER § 36-201 OF THIS ARTICLE REGARDING GUIDELINES, RULES, AND REGULATIONS THAT THE ADVISORY BOARD CONSIDERS IMPORTANT OR NECESSARY FOR REVIEW AND CONSIDERATION BY THE COMMISSION OR THE ~~CANNABIS REGULATION AND ENFORCEMENT DIVISION~~ MARYLAND CANNABIS ADMINISTRATION.

(D) THE ADVISORY BOARD CONSISTS OF:

(1) THE DIRECTOR OF THE ~~CANNABIS REGULATION AND ENFORCEMENT DIVISION~~ MARYLAND CANNABIS ADMINISTRATION, WHO SHALL SERVE AS CHAIR OF THE ADVISORY BOARD; AND

(2) THE FOLLOWING MEMBERS, APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE:

(I) THREE MEMBERS THAT HAVE SUBSTANTIAL EXPERIENCE IN ONE OR MORE OF THE FOLLOWING:

1. CANNABIS LAW, SCIENCE, OR POLICY;
2. PUBLIC HEALTH OR HEALTH CARE;
3. AGRICULTURE;
4. FINANCE; OR
5. ADDICTION TREATMENT;

(II) ONE ACADEMIC RESEARCHER WITH AT LEAST 5 YEARS OF EXPERIENCE IN SOCIAL OR HEALTH EQUITY;

(III) ONE REPRESENTATIVE OF AN INDEPENDENT TESTING LABORATORY REGISTERED UNDER § 36-408 OF THIS ARTICLE;

(IV) ~~THREE~~ TWO REPRESENTATIVES WHO HOLD A STANDARD GROWER, PROCESSOR, OR DISPENSARY LICENSE UNDER § 36-401 OF THIS ARTICLE;

(V) TWO REPRESENTATIVES WHO HOLD A STANDARD PROCESSOR LICENSE UNDER § 36-401 OF THIS ARTICLE;

(VI) TWO REPRESENTATIVES WHO HOLD A STANDARD DISPENSARY LICENSE UNDER § 36-401 OF THIS ARTICLE;

~~(V)~~ (VII) THREE TWO REPRESENTATIVES WHO HOLD A MICRO GROWER, PROCESSOR, OR DISPENSARY LICENSE UNDER § 36-401 OF THIS ARTICLE;

(VIII) TWO REPRESENTATIVES WHO HOLD A MICRO PROCESSOR LICENSE UNDER § 36-401 OF THIS ARTICLE;

(IX) TWO REPRESENTATIVES WHO HOLD A MICRO DISPENSARY LICENSE UNDER § 36-401 OF THIS ARTICLE;

(X) ONE REPRESENTATIVE WHO HOLDS AN INCUBATOR SPACE LICENSE UNDER § 36-401 OF THIS ARTICLE;

(XI) ONE REPRESENTATIVE WHO HOLDS AN ON-SITE CONSUMPTION LICENSE UNDER § 36-401 OF THIS ARTICLE;

~~(VI)~~ (XII) ONE REPRESENTATIVE OF AN ORGANIZATION THAT ADVOCATES ON BEHALF OF PATIENTS WHO ENGAGE IN THE MEDICAL USE OF CANNABIS;

~~(VII)~~ (XIII) ONE REPRESENTATIVE OF AN ORGANIZATION THAT ADVOCATES ON BEHALF OF CONSUMERS WHO ENGAGE IN THE ADULT USE OF CANNABIS; AND

~~(VIII)~~ (XIV) ONE HEALTH CARE PROVIDER WHO IS REGISTERED TO CERTIFY PATIENTS TO OBTAIN MEDICAL CANNABIS UNDER § 36-301 OF THIS ARTICLE.

(E) THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE MAY RECOMMEND TO THE GOVERNOR A LIST OF INDIVIDUALS FOR APPOINTMENT TO THE ADVISORY BOARD.

(F) (1) THE TERM OF A MEMBER OF THE ADVISORY BOARD IS 4 YEARS.

(2) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

(3) AN APPOINTED MEMBER MAY NOT SERVE MORE THAN TWO FULL TERMS.

(4) THE POSITIONS FOR MEMBERS APPOINTED UNDER SUBSECTION (D)(2)(VII) THROUGH (XI) OF THIS SECTION BECOME EFFECTIVE WHEN THE FIRST LICENSES ARE ISSUED UNDER THOSE RESPECTIVE LICENSE TYPES.

(G) AN APPOINTED MEMBER OF THE ADVISORY BOARD MUST BE:**(1) AT LEAST 25 YEARS OLD;****(2) A RESIDENT OF THE STATE WHO HAS RESIDED IN THE STATE FOR AT LEAST THE IMMEDIATELY PRECEDING 5 YEARS BEFORE THE APPOINTMENT; AND****(3) A REGISTERED VOTER OF THE STATE.****(H) THE ADVISORY BOARD SHALL ESTABLISH AT LEAST TWO SUBCOMMITTEES TO FOCUS ON MEDICAL AND ADULT-USE CANNABIS.****(I) TO THE EXTENT PRACTICABLE AND CONSISTENT WITH FEDERAL AND STATE LAW, THE MEMBERSHIP OF THE ADVISORY BOARD SHALL REFLECT THE RACIAL, ETHNIC, AND GENDER DIVERSITY OF THE STATE.**

1-310.

The Executive Director and all employees in the Office of the Executive Director may not accept a contribution of money or property worth at least \$100 from an entity or individual associated with the alcohol [or], tobacco, **OR CANNABIS** industries with respect to regulation of alcohol [or], tobacco, **OR CANNABIS**.

1-313.

(a) There is a Field Enforcement Division in the Office of the Executive Director.**(b) (1) The Field Enforcement Division may employ officers and employees as provided in the State budget.****(2) The officers and employees of the Field Enforcement Division:****(i) shall be sworn police officers;****(ii) shall have the powers, duties, and responsibilities of peace officers to enforce the provisions of this article relating to:**

1. the unlawful importation of alcoholic beverages [and], tobacco, AND CANNABIS into the State;

2. the unlawful manufacture of alcoholic beverages [and], tobacco, AND CANNABIS in the State;

3. the transportation and distribution throughout the State of alcoholic beverages [and], tobacco, AND CANNABIS that are manufactured illegally and

on which any alcoholic beverages taxes [or], tobacco taxes, **OR CANNABIS TAXES** imposed by the State are due and unpaid; and

4. the manufacture, sale, barter, transportation, distribution, or other form of owning, handling, or dispersing alcoholic beverages [or], tobacco, **OR CANNABIS** by any person not licensed or authorized under this article, provisions of the Tax – General Article relating to alcoholic beverages [or], tobacco, **OR CANNABIS**, or provisions of the Business Regulation Article relating to tobacco **OR CANNABIS**; and

(iii) may make cooperative arrangements for and work and cooperate with the Office of the Comptroller, local State’s Attorneys, sheriffs, bailiffs, police, and other prosecuting and peace officers to enforce this article.

(c) The Field Enforcement Division:

(1) shall consult with and advise the local State’s Attorneys and other law enforcement officials and police officers regarding enforcement problems in their respective jurisdictions; and

(2) may recommend changes to improve the administration of this article, provisions of the Tax – General Article relating to alcoholic beverages [and], tobacco, **AND CANNABIS**, and provisions of the Business Regulation Article relating to tobacco.

1–322.

(a) (1) There is a Community Reinvestment and Repair Fund.

(2) The purpose of the Fund is to provide funds to community–based organizations that serve communities determined by **THE OFFICE OF SOCIAL EQUITY, IN CONSULTATION WITH** the Office of the Attorney General, to have been the most impacted by disproportionate enforcement of the cannabis prohibition before July 1, 2022.

(3) The Comptroller shall administer the Fund.

(4) (i) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(ii) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(5) The Fund consists of:

(i) [Revenue distributed to the Fund that is at least 30% of the revenues from adult-use cannabis] **SALES AND USE TAX REVENUE DISTRIBUTED TO THE FUND UNDER § 2-1302.2 OF THE TAX – GENERAL ARTICLE;**

(ii) [Licensing] **CONVERSION** fees paid by [dual-licensed cannabis establishments] **BUSINESSES UNDER § 36-403 OF THIS ARTICLE;** and

(iii) [Any] **ANY** other money from any other source accepted for the benefit of the Fund, in accordance with any conditions adopted by the Comptroller for the acceptance of donations or gifts to the Fund.

(6) (i) The Fund may be used only for:

1. [Funding] **FUNDING** community-based initiatives intended to benefit low-income communities;

2. [Funding] **FUNDING** community-based initiatives that serve [communities disproportionately harmed by the cannabis prohibition and enforcement] **DISPROPORTIONATELY ~~IMPACTED~~ ~~HARMED~~ IMPACTED AREAS, AS DEFINED IN § 36-101 OF THIS ARTICLE;** and

3. [Any] **ANY** related administrative expenses.

(ii) Money may not be expended from the Fund for law enforcement agencies or activities.

(iii) Money expended from the Fund is supplemental to and may not supplant funding that otherwise would be appropriated for preexisting local government programs.

(7) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(8) No part of the Fund may revert or be credited to:

(i) [The] **THE** General Fund of the State; or

(ii) [Any] **ANY** other special fund of the State.

(9) The Comptroller shall pay out money from the Fund.

(10) The Fund is subject to audit by the Office of Legislative Audits as provided for in § 2-1220 of the State Government Article.

(b) (1) ~~The~~ **BASED ON THE PERCENTAGE ALLOCABLE TO EACH COUNTY DETERMINED BY THE OFFICE OF SOCIAL EQUITY AND REPORTED BY THE OFFICE TO THE COMPTROLLER ON OR BEFORE JULY 31 EACH YEAR, THE** Comptroller shall distribute funds from the Fund to each county in an amount that, for the period from July 1, 2002, to [June 30, 2022] **JANUARY 1, 2023**, both inclusive, is proportionate to the total number of ~~cannabis arrests~~ **POSSESSION CHARGES** in the county compared to the total number of cannabis ~~arrests~~ **POSSESSION CHARGES** in the State] ~~INDIVIDUALS RESIDING IN THE COUNTY WHO WERE CHARGED WITH A CANNABIS CRIME COMPARED TO THE TOTAL NUMBER OF INDIVIDUALS CHARGED WITH CANNABIS CRIMES IN THE STATE.~~

(2) (i) Subject to the limitations under subsection (a)(6) of this section, each county shall adopt a law establishing the purpose for which money received from the Fund may be used.

(ii) On or before December 1 every 2 years, beginning in 2024, each ~~local jurisdiction~~ **POLITICAL SUBDIVISION THAT RECEIVES FUNDS FROM THE FUND UNDER PARAGRAPH (1) OF THIS SUBSECTION** shall submit a report to the Governor and, in accordance with § 2–1257 of the State Government Article, the Senate Budget and Taxation Committee[, the Senate Finance Committee, the House Judiciary Committee, and the House Health and Government Operations Committee] **AND THE HOUSE APPROPRIATIONS COMMITTEE** on how funds received from the Fund were spent during the immediately preceding 2 fiscal years.

1–323.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) **“ADMINISTRATION” HAS THE MEANING STATED IN § 36–101 OF THIS ARTICLE.**

~~(2)~~ (3) **“CANNABIS LICENSEE” HAS THE MEANING STATED IN § 36–101 OF THIS ARTICLE.**

~~(3)~~ **“DIVISION” HAS THE MEANING STATED IN § 36–101 OF THIS ARTICLE.**

(4) **“GRANT PROGRAM” MEANS THE SOCIAL EQUITY PARTNERSHIP GRANT PROGRAM.**

(5) **“OFFICE” MEANS THE OFFICE OF SOCIAL EQUITY.**

~~(5)~~ (6) (I) “QUALIFYING PARTNERSHIP” MEANS A MEANINGFUL PARTNERSHIP BETWEEN AN OPERATIONAL CANNABIS LICENSEE AND A SOCIAL EQUITY LICENSEE THAT:

- 1. SUPPORTS OR ADVISES THE SOCIAL EQUITY LICENSEE; AND
- 2. IS AUTHORIZED BY THE ~~COMMISSION~~ ADMINISTRATION.

(II) “QUALIFYING PARTNERSHIP” INCLUDES A PARTNERSHIP THROUGH WHICH THE OPERATIONAL CANNABIS LICENSEE PROVIDES ANY OF THE FOLLOWING TO A SOCIAL EQUITY LICENSEE:

- 1. TRAINING;
- 2. MENTORSHIP; OR
- 3. SHARED COMMERCIAL SPACE OR EQUIPMENT.

~~(6)~~ (7) ~~(I)~~ “SOCIAL EQUITY LICENSEE” ~~MEANS A SOCIAL EQUITY APPLICANT, AS DEFINED~~ HAS THE MEANING STATED IN § 36-101 OF THIS ARTICLE, ~~WHO HAS BEEN AWARDED A CANNABIS LICENSE OR CANNABIS REGISTRATION.~~

~~(II) “SOCIAL EQUITY LICENSEE” INCLUDES A GROWER OR PROCESSOR LICENSEE THAT:~~

- ~~1. HELD A STAGE ONE PREAPPROVAL FOR A LICENSE BEFORE OCTOBER 1, 2022; AND~~
- ~~2. WAS NOT OPERATIONAL BEFORE OCTOBER 1, 2022.~~

(B) (1) THERE IS A SOCIAL EQUITY PARTNERSHIP GRANT PROGRAM IN THE ~~COMMISSION~~ OFFICE.

(2) THE PURPOSE OF THE GRANT PROGRAM IS TO PROMOTE QUALIFYING PARTNERSHIPS BETWEEN OPERATIONAL CANNABIS LICENSEES AND SOCIAL EQUITY LICENSEES.

(C) (1) THE ~~COMMISSION~~ OFFICE SHALL IMPLEMENT AND ADMINISTER THE GRANT PROGRAM, INCLUDING BY CLEARLY DEFINING THE PARAMETERS OF A QUALIFYING PARTNERSHIP.

(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE ~~COMMISSION~~ OFFICE HAS DISCRETION TO APPROVE, DENY, OR REVOKE QUALIFYING PARTNERSHIPS.

(3) (I) THE ~~COMMISSION~~ OFFICE MAY APPROVE QUALIFYING PARTNERSHIPS WHERE A COST OR OTHER FEE IS IMPOSED BY AN OPERATIONAL CANNABIS LICENSEE ON A SOCIAL EQUITY LICENSEE IF THE COST OR OTHER FEE IS SUBSTANTIALLY REDUCED FROM THE MARKET VALUE.

(II) COSTS OR OTHER FEES UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY INCLUDE CHARGES FOR THE RENT OF FACILITIES OR EQUIPMENT.

(D) (1) THE ~~COMMISSION~~ OFFICE SHALL AWARD GRANTS TO OPERATIONAL CANNABIS LICENSEES THAT HAVE QUALIFYING PARTNERSHIPS WITH A SOCIAL EQUITY LICENSEE.

(2) GRANT AMOUNTS SHALL BE BASED ON THE NATURE OF THE QUALIFYING PARTNERSHIP BETWEEN THE SOCIAL EQUITY LICENSEE AND THE OPERATIONAL CANNABIS LICENSEE.

(3) IF AN OPERATIONAL CANNABIS LICENSEE HAS A LICENSE THAT WAS CONVERTED BY THE ~~DIVISION~~ ADMINISTRATION UNDER § 36-401(B)(1)(II) OF THIS ARTICLE, THE TOTAL AWARD AMOUNT OF ANY GRANTS FROM THE COMMISSION ISSUED BY THE OFFICE UNDER THIS SECTION TO THE LICENSEE MAY NOT EXCEED:

(I) THE COST OF THE LICENSE CONVERSION FEE THAT WAS PAID BY THE LICENSEE; OR

(II) \$250,000 PER YEAR PER QUALIFYING PARTNERSHIP.

(E) THE ~~COMMISSION~~ OFFICE MAY REQUIRE A GRANT RECIPIENT THAT FAILS TO FULFILL THE REQUIREMENTS OF THE GRANT TO RETURN ALL OR PART OF THE GRANT TO THE GRANT PROGRAM.

(F) FOR FISCAL YEAR 2025 AND EACH FISCAL YEAR THEREAFTER, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF \$5,000,000 FOR THE GRANT PROGRAM.

(G) THE ~~COMMISSION~~ OFFICE SHALL ADOPT REGULATIONS TO:

- (1) IMPLEMENT THE PROVISIONS OF THIS SECTION;
- (2) ADMINISTER THE GRANT PROGRAM;

(3) ESTABLISH ELIGIBILITY AND GRANT APPLICATION REQUIREMENTS;

(4) ESTABLISH A PROCESS FOR REVIEWING GRANT APPLICATIONS AND AWARDING GRANTS TO ~~SOCIAL-EQUITY~~ OPERATIONAL CANNABIS LICENSEES; AND

(5) SPECIFY CRITERIA AND PROCEDURES TO MONITOR ELIGIBILITY FOR THE GRANTS AUTHORIZED UNDER THIS SECTION.

TITLE 34. RESERVED.

TITLE 35. RESERVED.

DIVISION III. CANNABIS.

TITLE 36. MEDICAL AND ADULT-USE CANNABIS.

SUBTITLE 1. DEFINITIONS.

36-101.

(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "ACADEMIC RESEARCH REPRESENTATIVE" MEANS AN INDIVIDUAL WHO IS:

(1) AN EMPLOYEE OR AGENT OF AN INSTITUTION OF HIGHER EDUCATION, A RELATED MEDICAL FACILITY, OR AN AFFILIATED BIOMEDICAL RESEARCH FIRM THAT FILED A REGISTRATION WITH THE ~~DIVISION~~ ADMINISTRATION UNDER § 36-701 OF THIS TITLE; AND

(2) AUTHORIZED TO PURCHASE MEDICAL CANNABIS FOR THE INSTITUTION OF HIGHER EDUCATION, RELATED MEDICAL FACILITY, OR AFFILIATED BIOMEDICAL RESEARCH FIRM.

(C) "ADMINISTRATION" MEANS THE MARYLAND CANNABIS ADMINISTRATION ESTABLISHED UNDER THIS TITLE.

~~(C) (1) "CANNABIS" MEANS THE PLANT CANNABIS SATIVA L. AND ANY PART OF THE PLANT, INCLUDING ALL DERIVATIVES, EXTRACTS, CANNABINOIDS, ISOMERS, ACIDS, SALTS, AND SALTS OF ISOMERS, WHETHER GROWING OR NOT, WITH~~

~~A DELTA-9 TETRAHYDROCANNABINOL CONCENTRATION GREATER THAN 0.3% ON A DRY WEIGHT BASIS.~~

~~(2) "CANNABIS" INCLUDES CANNABIS PRODUCTS.~~

~~(3) "CANNABIS" DOES NOT INCLUDE HEMP OR HEMP PRODUCTS, AS DEFINED IN § 14-101 OF THE AGRICULTURE ARTICLE.~~

(D) "CANNABIS AGENT" MEANS AN EMPLOYEE, A VOLUNTEER, OR ANY OTHER AUTHORIZED PERSON WHO ACTS FOR OR AT THE DIRECTION OF A CANNABIS LICENSEE OR CANNABIS REGISTRANT.

(E) "CANNABIS BUSINESS" MEANS A BUSINESS LICENSED OR REGISTERED BY THE ~~DIVISION~~ ADMINISTRATION TO OPERATE IN THE CANNABIS INDUSTRY.

(F) "CANNABIS CONCENTRATE" MEANS A PRODUCT DERIVED FROM CANNABIS THAT IS KIEF, HASHISH, BUBBLE HASH, OIL, WAX, OR ANY OTHER PRODUCT PRODUCED BY EXTRACTING CANNABINOIDS FROM THE PLANT THROUGH THE USE OF SOLVENTS, CARBON DIOXIDE, OR HEAT, SCREENS, PRESSES, OR STEAM DISTILLATION.

(G) "CANNABIS-INFUSED PRODUCT" MEANS OIL, WAX, OINTMENT, SALVE, TINCTURE, CAPSULE, SUPPOSITORY, DERMAL PATCH, CARTRIDGE, OR ANY OTHER PRODUCT CONTAINING CANNABIS CONCENTRATE OR USABLE CANNABIS THAT HAS BEEN PROCESSED SO THAT THE DRIED LEAVES AND FLOWERS ARE INTEGRATED INTO OTHER MATERIAL.

(H) "CANNABIS LICENSEE" MEANS A BUSINESS LICENSED BY THE ~~DIVISION~~ ADMINISTRATION TO OPERATE IN THE CANNABIS INDUSTRY.

(I) "CANNABIS PRODUCTS" MEANS PRODUCTS THAT ARE COMPOSED OF CANNABIS, CANNABIS CONCENTRATE, CANNABIS EXTRACT, OR OTHER INGREDIENTS AND ARE INTENDED FOR USE OR CONSUMPTION, INCLUDING EDIBLE PRODUCTS, OILS, AND TINCTURES.

(J) "CANNABIS REGISTRANT" MEANS AN INDEPENDENT TESTING LABORATORY, A TRANSPORTER, ~~A DELIVERY SERVICE,~~ A SECURITY GUARD COMPANY, A WASTE DISPOSAL COMPANY, AND ANY OTHER TYPE OF CANNABIS BUSINESS REGISTERED UNDER THIS TITLE AND AUTHORIZED BY THE ~~DIVISION~~ ADMINISTRATION.

(K) (1) "CANOPY" MEANS THE TOTAL SQUARE FOOTAGE OF SPACE USED BY A CANNABIS LICENSEE FOR THE PRODUCTION OF FLOWERING CANNABIS PLANTS.

(2) “CANOPY” INCLUDES EACH LAYER OF FLOWERING CANNABIS PLANTS GROWN ON ANY RACK OR SHELVING.

(3) “CANOPY” DOES NOT INCLUDE SQUARE FOOTAGE USED FOR:

- (I) MOTHER STOCK;**
- (II) PROPAGATION;**
- (III) IMMATURE OR NONFLOWERING PLANTS;**
- (IV) PROCESSING;**
- (V) DRYING;**
- (VI) CURING;**
- (VII) TRIMMING;**
- (VIII) STORAGE;**
- (IX) OFFICES;**
- (X) HALLWAYS;**
- (XI) PATHWAYS;**
- (XII) WORK AREAS; OR**
- (XIII) OTHER ADMINISTRATIVE AND NONPRODUCTION USES.**

(L) (1) “CAREGIVER” MEANS:

(I) AN INDIVIDUAL WHO HAS AGREED TO ASSIST WITH A QUALIFYING PATIENT’S MEDICAL USE OF CANNABIS; AND

(II) FOR A QUALIFYING PATIENT UNDER THE AGE OF 18 YEARS:

- 1. A PARENT OR LEGAL GUARDIAN; AND**
- 2. NOT MORE THAN TWO ADDITIONAL ADULTS DESIGNATED BY THE PARENT OR LEGAL GUARDIAN.**

(2) “CAREGIVER” DOES NOT INCLUDE ANY DESIGNATED SCHOOL PERSONNEL AUTHORIZED TO ADMINISTER MEDICAL CANNABIS TO A STUDENT IN ACCORDANCE WITH THE GUIDELINES ESTABLISHED UNDER § 7-446 OF THE EDUCATION ARTICLE.

(M) “CERTIFYING PROVIDER” MEANS AN INDIVIDUAL WHO:

(1) (I) 1. HAS AN ACTIVE, UNRESTRICTED LICENSE TO PRACTICE MEDICINE THAT WAS ISSUED BY THE STATE BOARD OF PHYSICIANS UNDER TITLE 14 OF THE HEALTH OCCUPATIONS ARTICLE; AND

2. IS IN GOOD STANDING WITH THE STATE BOARD OF PHYSICIANS;

(II) 1. HAS AN ACTIVE, UNRESTRICTED LICENSE TO PRACTICE DENTISTRY THAT WAS ISSUED BY THE STATE BOARD OF DENTAL EXAMINERS UNDER TITLE 4 OF THE HEALTH OCCUPATIONS ARTICLE; AND

2. IS IN GOOD STANDING WITH THE STATE BOARD OF DENTAL EXAMINERS;

(III) 1. HAS AN ACTIVE, UNRESTRICTED LICENSE TO PRACTICE PODIATRY THAT WAS ISSUED BY THE STATE BOARD OF PODIATRIC MEDICAL EXAMINERS UNDER TITLE 16 OF THE HEALTH OCCUPATIONS ARTICLE; AND

2. IS IN GOOD STANDING WITH THE STATE BOARD OF PODIATRIC MEDICAL EXAMINERS;

(IV) 1. HAS AN ACTIVE, UNRESTRICTED LICENSE TO PRACTICE REGISTERED NURSING ~~OR~~ AND HAS AN ACTIVE, UNRESTRICTED CERTIFICATION TO PRACTICE AS A NURSE PRACTITIONER OR A NURSE MIDWIFE THAT WAS ISSUED BY THE STATE BOARD OF NURSING UNDER TITLE 8 OF THE HEALTH OCCUPATIONS ARTICLE; AND

2. IS IN GOOD STANDING WITH THE STATE BOARD OF NURSING; OR

(V) 1. HAS AN ACTIVE, UNRESTRICTED LICENSE TO PRACTICE AS A PHYSICIAN ASSISTANT ISSUED BY THE STATE BOARD OF PHYSICIANS UNDER TITLE 15 OF THE HEALTH OCCUPATIONS ARTICLE;

2. HAS AN ACTIVE DELEGATION AGREEMENT WITH A PRIMARY SUPERVISING PHYSICIAN WHO IS A CERTIFYING PROVIDER; AND

3. IS IN GOOD STANDING WITH THE STATE BOARD OF PHYSICIANS;

(2) HAS A STATE CONTROLLED DANGEROUS SUBSTANCES REGISTRATION; AND

(3) IS REGISTERED WITH THE ~~DIVISION~~ ADMINISTRATION TO MAKE CANNABIS AVAILABLE TO PATIENTS FOR MEDICAL USE IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE ~~DIVISION~~ ADMINISTRATION.

~~(N) "COMMISSION" MEANS THE ALCOHOL, TOBACCO, AND CANNABIS COMMISSION ESTABLISHED UNDER § 1-302 OF THIS ARTICLE.~~

~~(N)~~ (N) "CONSUMER" MEANS AN INDIVIDUAL AT LEAST 21 YEARS OLD WHO PURCHASES CANNABIS OR CANNABIS PRODUCTS FOR PERSONAL USE BY INDIVIDUALS AT LEAST 21 YEARS OLD.

~~(P)~~ (O) (1) "CONTROL" MEANS:

~~(1)~~ (I) THE DECISION-MAKING AUTHORITY OVER THE MANAGEMENT, OPERATIONS, OR POLICIES THAT GUIDE A BUSINESS; OR

~~(2)~~ (II) AUTHORITY OVER THE OPERATION OF THE TECHNICAL ASPECTS OF A BUSINESS.

(2) "CONTROL" INCLUDES:

(I) HOLDING A RIGHT TO VETO SIGNIFICANT EVENTS;

(II) THE RIGHT OR AUTHORITY TO MAKE OR VETO DECISIONS REGARDING OPERATIONS AND STRATEGIC PLANNING, CAPITAL ALLOCATIONS, ACQUISITIONS, AND DIVESTMENTS;

(III) THE RIGHT OR AUTHORITY TO APPOINT OR REMOVE DIRECTORS, CORPORATE-LEVEL OFFICERS, OR THEIR EQUIVALENT;

(IV) THE RIGHT OR AUTHORITY TO MAKE MAJOR MARKETING, PRODUCTION, AND FINANCIAL DECISIONS; AND

(V) THE RIGHT OR AUTHORITY TO EXECUTE EXCLUSIVE CONTRACTS OR SIGNIFICANT CONTRACTS IN THE AGGREGATE OF \$10,000 OR GREATER ON BEHALF OF THE LICENSEE.

~~(Q)~~ (P) “DELIVERY SERVICE” MEANS A CANNABIS LICENSEE AUTHORIZED TO DELIVER CANNABIS IN ACCORDANCE WITH A MICRO LICENSE TO OPERATE A DISPENSARY.

~~(R)~~ (Q) “DISPENSARY” MEANS AN ENTITY LICENSED UNDER THIS TITLE THAT ACQUIRES, POSSESSES, ~~REPACKAGES, TRANSFERS~~ REPACKAGES, TRANSPORTS, SELLS, DISTRIBUTES, OR DISPENSES CANNABIS OR CANNABIS PRODUCTS, INCLUDING TINCTURES, AEROSOLS, OILS, AND OINTMENTS, RELATED SUPPLIES, AND EDUCATIONAL MATERIALS FOR USE BY QUALIFYING PATIENTS, CAREGIVERS, OR CONSUMERS THROUGH A STOREFRONT OR THROUGH A DELIVERY SERVICE, BASED ON LICENSE TYPE.

~~(S)~~ (R) “DISPROPORTIONATELY ~~IMPACTED HARMED~~ IMPACTED AREA” MEANS A GEOGRAPHIC AREA IDENTIFIED BY THE OFFICE OF SOCIAL EQUITY THAT HAS ~~BEEN DISPROPORTIONATELY IMPACTED BY THE PROHIBITION OF CANNABIS~~ HAD ABOVE 150% OF THE STATE’S 10-YEAR AVERAGE FOR CANNABIS POSSESSION CHARGES, AS DETERMINED BY INFORMATION FROM THE ADMINISTRATIVE OFFICE OF THE COURTS.

~~(T) “DIVISION” MEANS THE CANNABIS REGULATION AND ENFORCEMENT DIVISION ESTABLISHED UNDER THIS TITLE.~~

~~(U)~~ (S) (1) “EDIBLE CANNABIS PRODUCT” MEANS A CANNABIS PRODUCT INTENDED FOR HUMAN CONSUMPTION BY ORAL INGESTION, IN WHOLE OR IN PART.

(2) “EDIBLE CANNABIS PRODUCT” INCLUDES A CANNABIS PRODUCT THAT DISSOLVES OR DISINTEGRATES IN THE MOUTH.

(3) “EDIBLE CANNABIS PRODUCT” DOES NOT INCLUDE ANY:

(I) CANNABIS CONCENTRATE;

(II) CANNABIS-INFUSED PRODUCT, INCLUDING AN OIL, A WAX, AN OINTMENT, A SALVE, A TINCTURE, A CAPSULE, A SUPPOSITORY, A DERMAL PATCH, OR A CARTRIDGE; OR

(III) OTHER DOSAGE FORM THAT IS RECOGNIZED BY THE UNITED STATES PHARMACOPEIA, THE NATIONAL FORMULARY, OR THE U.S. FOOD

AND DRUG ADMINISTRATION AND IS APPROVED BY THE ~~DIVISION~~
ADMINISTRATION.

~~(V)~~ (T) “GROWER” MEANS AN ENTITY LICENSED UNDER THIS TITLE THAT:

(1) CULTIVATES, OR PACKAGES, ~~OR DISTRIBUTES~~ CANNABIS; AND

(2) IS AUTHORIZED BY THE ~~DIVISION~~ ADMINISTRATION TO PROVIDE CANNABIS TO OTHER CANNABIS LICENSEES AND REGISTERED INDEPENDENT TESTING LABORATORIES.

~~(W)~~ (U) “INCUBATOR SPACE” MEANS A FACILITY OPERATED IN ACCORDANCE WITH ~~§ 36-401~~ § 36-401(C)(3) OF THIS TITLE.

~~(X)~~ (V) “INDEPENDENT TESTING LABORATORY” MEANS A FACILITY, AN ENTITY, OR A SITE THAT IS REGISTERED WITH THE ~~DIVISION~~ ADMINISTRATION TO PERFORM TESTS RELATED TO THE INSPECTION AND TESTING OF CANNABIS AND PRODUCTS CONTAINING CANNABIS.

(W) “INSTITUTION OF HIGHER EDUCATION” HAS THE MEANING STATED IN § 10-101 OF THE EDUCATION ARTICLE.

~~(Y)~~ (X) “MICRO LICENSE” MEANS A LICENSE ISSUED IN ACCORDANCE WITH ~~§ 36-401~~ § 36-401(C)(2) OF THIS TITLE.

~~(Z)~~ (Y) “ON-SITE CONSUMPTION ESTABLISHMENT” MEANS AN ENTITY LICENSED UNDER § 36-401(C)(4) OF THIS TITLE TO DISTRIBUTE CANNABIS OR CANNABIS PRODUCTS FOR ON-SITE CONSUMPTION OTHER THAN CONSUMPTION BY SMOKING INDOORS.

~~(AA)~~ (Z) “OWNER” MEANS A PERSON WITH AN OWNERSHIP INTEREST IN A CANNABIS LICENSEE.

~~(BB)~~ (AA) “OWNERSHIP INTEREST” MEANS A DIRECT OR INDIRECT EQUITY INTEREST IN A CANNABIS LICENSEE, INCLUDING IN ITS SHARES OR STOCK.

(BB) “PASSIVE INVESTOR” MEANS ~~A PERSON~~ AN INDIVIDUAL OR AN ENTITY THAT:

(1) HOLDS AN AGGREGATE OWNERSHIP INTEREST OF LESS THAN 5% IN A CANNABIS LICENSEE; AND

(2) DOES NOT HAVE CONTROL OF THE CANNABIS LICENSEE.

(CC) “PRINCIPAL OFFICER” MEANS A BOARD MEMBER, A PRESIDENT, A VICE PRESIDENT, A SECRETARY, A TREASURER, A PARTNER, AN OFFICER, OR A MANAGING MEMBER, OR ANY OTHER INDIVIDUAL WITH A PROFIT SHARING, FINANCIAL INTEREST, OR REVENUE SHARING ARRANGEMENT, INCLUDING AN INDIVIDUAL WITH THE AUTHORITY TO CONTROL A CANNABIS LICENSEE.

(DD) “PROCESSOR” MEANS AN ENTITY LICENSED UNDER THIS TITLE THAT:

(1) TRANSFORMS CANNABIS INTO ANOTHER PRODUCT OR AN EXTRACT AND PACKAGES AND LABELS THE CANNABIS PRODUCT; AND

(2) IS AUTHORIZED BY THE ~~DIVISION~~ ADMINISTRATION TO PROVIDE CANNABIS TO LICENSED DISPENSARIES AND REGISTERED INDEPENDENT TESTING LABORATORIES.

(EE) “QUALIFYING PATIENT” MEANS AN INDIVIDUAL WHO:

(1) HAS BEEN PROVIDED WITH A WRITTEN CERTIFICATION BY A CERTIFYING PROVIDER IN ACCORDANCE WITH A BONA FIDE PROVIDER–PATIENT RELATIONSHIP; AND

(2) IF UNDER THE AGE OF 18 YEARS, HAS A CAREGIVER.

(FF) “SOCIAL EQUITY APPLICANT” MEANS AN APPLICANT FOR A CANNABIS LICENSE OR CANNABIS REGISTRATION THAT:

(1) HAS AT LEAST 65% OWNERSHIP AND CONTROL HELD BY ONE OR MORE INDIVIDUALS WHO:

(I) HAVE LIVED IN A DISPROPORTIONATELY ~~IMPACTED~~ ~~HARMED~~ IMPACTED AREA FOR AT LEAST 5 OF THE 10 YEARS IMMEDIATELY PRECEDING THE SUBMISSION OF THE APPLICATION; ~~OR~~

(II) ATTENDED A PUBLIC SCHOOL IN A DISPROPORTIONATELY ~~IMPACTED~~ ~~HARMED~~ IMPACTED AREA FOR AT LEAST 5 YEARS; OR

(III) FOR AT LEAST 2 YEARS, ATTENDED A 4–YEAR INSTITUTION OF HIGHER EDUCATION IN THE STATE WHERE AT LEAST 40% OF THE INDIVIDUALS WHO ATTEND THE INSTITUTION OF HIGHER EDUCATION ARE ELIGIBLE FOR A PELL GRANT; OR

(2) MEETS ANY OTHER CRITERIA ESTABLISHED BY THE ~~COMMISSION~~ ADMINISTRATION ~~BASED ON THE RESULTS OF A DISPARITY STUDY.~~

(GG) (1) “SOCIAL EQUITY LICENSEE” MEANS A SOCIAL EQUITY APPLICANT WHO HAS BEEN AWARDED A CANNABIS LICENSE OR CANNABIS REGISTRATION.

(2) “SOCIAL EQUITY LICENSEE” INCLUDES A GROWER, PROCESSOR, OR DISPENSARY THAT:

(I) HELD A STAGE ONE PREAPPROVAL FOR A LICENSE BEFORE OCTOBER 1, 2022; AND

(II) WAS NOT OPERATIONAL BEFORE OCTOBER 1, 2022.

~~(GG)~~ (HH) “STANDARD LICENSE” MEANS A LICENSE ISSUED IN ACCORDANCE WITH ~~§ 36-401~~ § 36-401(C)(1) OF THIS TITLE.

~~(HH)~~ (II) “TRANSPORTER” MEANS AN ENTITY REGISTERED UNDER THIS TITLE TO TRANSPORT CANNABIS BETWEEN CANNABIS LICENSEES AND REGISTERED INDEPENDENT TESTING LABORATORIES.

~~(H)~~ (JJ) (1) “USABLE CANNABIS” MEANS THE DRIED LEAVES AND FLOWERS OF THE CANNABIS PLANT.

(2) “USABLE CANNABIS” DOES NOT INCLUDE SEEDLINGS, SEEDS, STEMS, STALKS, OR ROOTS OF THE PLANT OR THE WEIGHT OF ANY NONCANNABIS INGREDIENTS COMBINED WITH CANNABIS, SUCH AS INGREDIENTS ADDED TO PREPARE A TOPICAL ADMINISTRATION.

~~(JJ)~~ (KK) “WRITTEN CERTIFICATION” MEANS A CERTIFICATION THAT:

(1) IS ISSUED BY A CERTIFYING PROVIDER TO A QUALIFYING PATIENT WITH WHOM THE PROVIDER HAS A BONA FIDE PROVIDER-PATIENT RELATIONSHIP;

(2) INCLUDES A WRITTEN STATEMENT CERTIFYING THAT, IN THE CERTIFYING PROVIDER’S PROFESSIONAL OPINION, AFTER HAVING COMPLETED AN ASSESSMENT OF THE PATIENT’S MEDICAL HISTORY AND CURRENT MEDICAL CONDITION, THE PATIENT HAS A CONDITION:

(I) THAT MEETS THE INCLUSION CRITERIA AND DOES NOT MEET THE EXCLUSION CRITERIA OF THE CERTIFYING PROVIDER’S APPLICATION; AND

(II) FOR WHICH THE POTENTIAL BENEFITS OF THE MEDICAL USE OF CANNABIS WOULD LIKELY OUTWEIGH THE HEALTH RISKS FOR THE PATIENT; AND

(3) MAY INCLUDE A WRITTEN STATEMENT CERTIFYING THAT, IN THE CERTIFYING PROVIDER'S PROFESSIONAL OPINION, A 30-DAY SUPPLY OF MEDICAL CANNABIS WOULD BE INADEQUATE TO MEET THE MEDICAL NEEDS OF THE QUALIFYING PATIENT.

SUBTITLE 2. ~~CANNABIS REGULATION AND ENFORCEMENT DIVISION~~ MARYLAND CANNABIS ADMINISTRATION.

36-201.

(A) ~~THERE IS A CANNABIS REGULATION AND ENFORCEMENT DIVISION ESTABLISHED WITHIN THE OFFICE OF THE EXECUTIVE DIRECTOR OF THE COMMISSION~~ MARYLAND CANNABIS ADMINISTRATION ESTABLISHED AS AN INDEPENDENT UNIT OF STATE GOVERNMENT.

(B) (1) ~~THERE IS A DIRECTOR OF THE DIVISION~~ ADMINISTRATION.

(2) ~~THE GOVERNOR SHALL APPOINT THE DIRECTOR OF THE DIVISION~~ ADMINISTRATION WITH THE ADVICE AND CONSENT OF THE SENATE.

(3) ~~THE DIRECTOR SERVES AT THE PLEASURE OF THE GOVERNOR.~~

(C) ~~THE DIRECTOR MUST HAVE THE TRAINING AND EXPERIENCE, INCLUDING KNOWLEDGE OF THE STATE CANNABIS INDUSTRY AND REGULATORY SYSTEM, THAT IS NEEDED TO DIRECT THE WORK OF THE DIVISION~~ ADMINISTRATION.

(D) ~~THE DIVISION ADMINISTRATION MAY EMPLOY OFFICERS AND EMPLOYEES~~ STAFF AND RETAIN CONTRACTORS AS PROVIDED IN THE STATE BUDGET.

(E) ~~THE DIVISION~~ ADMINISTRATION:

(1) ~~SHALL BE RESPONSIBLE FOR CARRYING OUT THE REQUIREMENTS AND DUTIES ESTABLISHED UNDER THIS DIVISION~~ TITLE; AND

(2) ~~MAY RECOMMEND CHANGES TO IMPROVE THE ADMINISTRATION OF THIS DIVISION~~ TITLE RELATING TO THE REGULATION OF CANNABIS.

(F) ~~THE DIVISION~~ ADMINISTRATION SHALL ADMINISTER AND ENFORCE THIS TITLE.

36-202.

(A) ~~THE DIVISION~~ ADMINISTRATION SHALL:

(1) DEVELOP AND MAINTAIN A SEED-TO-SALE TRACKING SYSTEM THAT TRACKS CANNABIS FROM EITHER THE SEED OR IMMATURE PLANT STAGE UNTIL THE CANNABIS IS SOLD TO A PATIENT, CAREGIVER, OR CONSUMER;

(2) CONDUCT FINANCIAL AND CRIMINAL BACKGROUND INVESTIGATIONS OF ANY PERSON WHO SUBMITS AN APPLICATION FOR A CANNABIS LICENSE OR A CANNABIS LICENSEE, AS REQUIRED UNDER THIS TITLE;

(3) DEVELOP A PROCESS FOR CONSUMERS AND QUALIFYING PATIENTS TO PURCHASE CLONES AND SEEDS, SEEDLINGS, STALKS, ROOTS, AND STEMS OF THE CANNABIS PLANT FOR CULTIVATION IN ACCORDANCE WITH § 5-601.2 OF THE CRIMINAL LAW ARTICLE;

~~(3)~~ (4) SOLICIT, EVALUATE, AND ISSUE OR DENY APPLICATIONS FOR CANNABIS LICENSES AND CANNABIS REGISTRATIONS, INCLUDING:

(I) LICENSES TO OPERATE A CANNABIS BUSINESS IN ACCORDANCE WITH THIS TITLE; AND

(II) REGISTRATION FOR INDEPENDENT TESTING LABORATORIES, TRANSPORTERS, SECURITY GUARD COMPANIES, AND WASTE DISPOSAL COMPANIES;

~~(4)~~ (5) AWARD OR DENY:

(I) A LICENSE TO OPERATE A CANNABIS BUSINESS IN ACCORDANCE WITH THIS TITLE; AND

(II) REGISTRATION TO INDEPENDENT TESTING LABORATORIES, TRANSPORTERS, SECURITY GUARD COMPANIES, WASTE DISPOSAL COMPANIES, AND ANY OTHER TYPE OF CANNABIS BUSINESS AUTHORIZED BY THE ~~DIVISION~~ ADMINISTRATION;

~~(5)~~ (6) CONDUCT ANNOUNCED AND UNANNOUNCED INSPECTIONS OF ANY BUSINESS LICENSED OR REGISTERED UNDER THIS TITLE TO ENSURE COMPLIANCE WITH THIS TITLE;

~~(6)~~ (7) AFTER A DETERMINATION THAT A VIOLATION OF THIS TITLE OR A REGULATION ADOPTED UNDER THIS TITLE HAS OCCURRED, SUSPEND, FINE, RESTRICT, OR REVOKE CANNABIS LICENSES AND CANNABIS REGISTRATIONS,

WHETHER ACTIVE, EXPIRED, OR SURRENDERED, OR IMPOSE ANY OTHER PENALTY AUTHORIZED BY THIS TITLE OR ANY REGULATION ADOPTED UNDER THIS TITLE;

~~(7)~~ (8) (I) GIVE NOTICE AND HOLD A HEARING IN ACCORDANCE WITH TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT ARTICLE, FOR ANY:

1. CONTESTED CANNABIS LICENSE OR REGISTRATION DENIAL; OR

2. VIOLATION OF THIS TITLE OR ANY REGULATION ADOPTED UNDER THIS TITLE;

(II) ADMINISTER OATHS IN A PROCEEDING UNDER THIS SECTION; AND

(III) SUBJECT TO SUBSECTION (B)(3) OF THIS SECTION, ALLOW THE PERSON AGAINST WHOM THE ACTION IS CONTEMPLATED TO BE REPRESENTED AT THE HEARING BY COUNSEL;

~~(8)~~ (9) ADOPT REGULATIONS NECESSARY TO CARRY OUT ITS DUTIES UNDER THIS TITLE; AND

~~(9)~~ (10) PERFORM ANY OTHER POWER AUTHORIZED OR DUTY REQUIRED UNDER THIS TITLE OR ANY OTHER PROVISION OF STATE LAW.

(B) ~~THE DIVISION~~ ADMINISTRATION MAY:

(1) ISSUE A SUBPOENA FOR THE ATTENDANCE OF A WITNESS TO TESTIFY OR THE PRODUCTION OF EVIDENCE IN CONNECTION WITH:

(I) ANY DISCIPLINARY ACTION UNDER THIS TITLE; OR

(II) ANY INVESTIGATION OR PROCEEDING INITIATED FOR AN ALLEGED VIOLATION OF THIS TITLE;

(2) DELEGATE THE HEARING AUTHORITY AUTHORIZED UNDER SUBSECTION ~~(A)(7)~~ (A)(8) OF THIS SECTION TO AN EMPLOYEE WITHIN THE ADMINISTRATION; AND

(3) IF, AFTER DUE NOTICE, THE PERSON AGAINST WHOM A DISCIPLINARY ACTION IS CONTEMPLATED DOES NOT APPEAR AT A HEARING, HEAR AND DETERMINE THE MATTER.

(A) ~~THE DIVISION~~ ADMINISTRATION SHALL:

(1) EVALUATE THE REGULATIONS ADOPTED BY THE NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION IN TITLE 10, SUBTITLE 62 OF THE CODE OF MARYLAND REGULATIONS; AND

(2) ON OR BEFORE JULY 1, 2023, ADOPT EMERGENCY REGULATIONS TO:

(I) CARRY OUT THE LICENSURE REQUIREMENTS SPECIFIED UNDER THIS TITLE;

(II) IMPLEMENT PROCEDURES RELATED TO CANNABIS APPLICATIONS, LICENSES, AND REGISTRATIONS IN ACCORDANCE WITH THIS TITLE;

(III) ASSIST THE COMPTROLLER IN THE COLLECTION OF TAXES IMPOSED ON THE SALE OF ADULT-USE CANNABIS UNDER § 11-104(K) OF THE TAX – GENERAL ARTICLE;

(IV) IMPLEMENT INVENTORY MANAGEMENT AND TRACKING THAT DOES NOT DIFFERENTIATE BETWEEN ADULT-USE OR MEDICAL CANNABIS OR CANNABIS PRODUCTS BEFORE THE POINT OF SALE, EXCEPT FOR PRODUCTS ALLOWED BY THE ~~DIVISION~~ ADMINISTRATION FOR SALE ONLY TO PATIENTS AND CAREGIVERS; AND

(V) ESTABLISH OPERATING REQUIREMENTS FOR CANNABIS LICENSEES OR CANNABIS REGISTRANTS, INCLUDING REQUIREMENTS FOR:

1. SECURITY, INCLUDING LIGHTING, PHYSICAL SECURITY, VIDEO, AND ALARM REQUIREMENTS;

2. SAFE AND SECURE DELIVERY, TRANSPORT, AND STORAGE OF CANNABIS;

3. PREVENTING THE SALE OR DIVERSION OF CANNABIS AND CANNABIS PRODUCTS TO PERSONS UNDER THE AGE OF 21 YEARS; AND

4. ~~PACKAGING AND LABELING OF CANNABIS AND CANNABIS PRODUCTS, INCLUDING CHILD-RESISTANT PACKAGING; AND~~

~~5.~~ HEALTH AND SAFETY STANDARDS GOVERNING THE CULTIVATION, MANUFACTURE, TESTING, AND DISPENSING OF CANNABIS OR CANNABIS PRODUCTS.

(B) **THE EMERGENCY REGULATIONS THAT THE ~~DIVISION~~ ADMINISTRATION IS REQUIRED TO ADOPT UNDER SUBSECTION (A) OF THIS SECTION SHALL:**

(1) BE SUPPLEMENTAL TO THE MEDICAL CANNABIS REGULATIONS UNDER TITLE 10, SUBTITLE 62 OF THE CODE OF MARYLAND REGULATIONS; AND

(2) NOTWITHSTANDING ANY OTHER LAW, REMAIN IN EFFECT UNTIL THE TAKING EFFECT OF NONEMERGENCY REGULATIONS ADOPTED UNDER SUBSECTION (C) OF THIS SECTION.

(C) **(1) ON OR BEFORE JULY 1, 2024, THE ~~DIVISION~~ ADMINISTRATION SHALL ADOPT NONEMERGENCY REGULATIONS ~~NECESSARY~~ TO CARRY OUT ~~THE PROVISIONS OF~~ THIS TITLE.**

(2) TO THE EXTENT PRACTICABLE, THE ADMINISTRATION SHALL ADOPT REGULATIONS:

~~(I)~~ REQUIRING CANNABIS LICENSEES TO TRANSITION FROM A CASH SYSTEM AND TO USE TRADITIONAL BANKING SERVICES; AND

~~(II)~~ ESTABLISHING TRADE PRACTICE RESTRICTIONS.

(3) THE ADMINISTRATION SHALL ADOPT REGULATIONS:

(I) ~~BANNING~~ GOVERNING INTERNET SALES OF CANNABIS;

(II) IMPLEMENTING AND SUPPLEMENTING PACKAGING AND LABELING REQUIREMENTS FOR CANNABIS PRODUCTS UNDER § 36-203.1 OF THIS SUBTITLE; AND

(III) ESTABLISHING PROCEDURES FOR THE USE OF POINT OF SALE TECHNOLOGIES BY DISPENSARIES FOR ALL TRANSACTIONS IN ORDER TO VERIFY A CONSUMER'S AGE USING A DRIVER'S LICENSE OR OTHER VALID IDENTIFICATION ISSUED BY A GOVERNMENTAL UNIT SPECIFIED BY THE ADMINISTRATION; AND

(IV) ESTABLISHING HEALTH, SAFETY, SECURITY, AND TRACKING REQUIREMENTS FOR THE PACKAGING AND REPACKAGING OF CANNABIS BY A DISPENSARY IN ACCORDANCE WITH § 36-203.1 OF THIS SUBTITLE.

(D) THE REGULATIONS ADOPTED BY THE ~~DIVISION~~ ADMINISTRATION UNDER THIS SECTION SHALL, TO THE EXTENT PRACTICABLE, REGULATE MEDICAL AND ADULT-USE CANNABIS IN THE SAME MANNER.

36-203.1.

(A) ~~IN CONSULTATION WITH THE CANNABIS PUBLIC HEALTH ADVISORY COUNCIL ESTABLISHED UNDER § 13 4502 OF THE HEALTH GENERAL ARTICLE, THE~~ THE ADMINISTRATION SHALL ADOPT REGULATIONS ESTABLISHING LIMITS ON THE MAXIMUM POTENCY OF CANNABIS AND CANNABIS PRODUCTS SOLD IN THE STATE, INCLUDING LIMITS ON THE MAXIMUM AMOUNT OF THC IN INDIVIDUAL EDIBLE CANNABIS PRODUCTS AND LIMITS ON THE MAXIMUM AGGREGATE THC AMOUNT FOR MULTIPLE EDIBLE CANNABIS PRODUCTS PACKAGED TOGETHER.

(B) ~~REQUIREMENTS FOR PACKAGING AND LABELING OF CANNABIS PRODUCTS IN THE STATE~~ A PACKAGE OF CANNABIS FOR DISTRIBUTION TO A CONSUMER OR QUALIFYING PATIENT SHALL:

~~(1) SPECIFY THAT PACKAGING THAT IS ENTIRELY AND UNIFORMLY OPAQUE MAY NOT INCLUDE ANY INFORMATION, PRINT, EMBOSSING, DEBOSSING, GRAPHIC, OR HIDDEN FEATURE;~~

~~(2) SPECIFY THAT ALL LABELING MUST BE PRINTED IN BLACK;~~

~~(3) CONFORM TO CALIFORNIA STANDARDS FOR:~~

~~(I) CHILD-RESISTANT PACKAGING AND CLEARLY IMPRINTED WITH POISON CONTROL INFORMATION~~ REQUIREMENTS ESTABLISHED UNDER 16 C.F.R. § 1700.15(B)(1); AND

~~(II) TAMPER-EVIDENT PACKAGING; AND~~

~~(4) (2)~~ PROVIDE THAT PACKAGING AND LABELING SHALL INCLUDE:

~~(I) A FINISHED PRODUCT LOT NUMBER AND EXPIRATION DATE~~ IF APPLICABLE;

~~(II) A STATEMENT THAT:~~

1. THAT CONSUMPTION OF CANNABIS MAY IMPAIR YOUR ABILITY TO DRIVE A CAR OR OPERATE MACHINERY, USE EXTREME CAUTION;

2. ~~THERE ARE~~ OF POTENTIAL RISKS ASSOCIATED WITH CANNABIS USE, ESPECIALLY DURING PREGNANCY OR BREAST FEEDING; AND

3. THAT THIS PACKAGE CONTAINS CANNABIS, KEEP OUT OF THE ~~HANDS~~ REACH OF CHILDREN AND ANIMALS;

(III) THE NAME, ADDRESS, AND PHONE NUMBER OF THE DISPENSARY THAT SOLD THE PRODUCT TO REPORT AN ADVERSE EVENT;

(IV) ANY ALLERGEN WARNING REQUIRED BY LAW;

(V) A LISTING OF NONCANNABIS INGREDIENTS; AND

(VI) AN ITEMIZATION, INCLUDING WEIGHT:

1. OF ALL CANNABINOID AND TERPENE INGREDIENTS SPECIFIED FOR THE PRODUCT; AND

2. CONCENTRATIONS OF ANY CANNABINOID OF LESS THAN 1% PRINTED WITH A LEADING ZERO BEFORE THE DECIMAL POINT.

(C) CANNABIS LABELING AND PACKAGING MAY NOT INCLUDE:

(1) SUBJECT TO SUBSECTION (D) OF THIS SECTION, ANY IMAGE THAT MAY APPEAL TO CHILDREN INCLUDING:

(I) IMAGES OF FOOD, CANDY, BAKED GOODS, CEREAL, FRUIT, AND BEVERAGES; AND

(II) A RESEMBLANCE TO THE TRADEMARKED CHARACTERISTIC PRODUCT-SPECIALIZED PACKAGING OF ANY COMMERCIALY AVAILABLE CANDY, SNACK, BAKED GOOD, CEREAL, OR BEVERAGE;

(2) ANY IMAGE THAT IS DESIGNED OR LIKELY TO APPEAL TO MINORS, INCLUDING CARTOONS, TOYS, ANIMALS, CHILDREN, OR ANY LIKENESS TO IMAGES, CHARACTERS, OR PHRASES THAT ARE POPULARLY USED TO ADVERTISE TO CHILDREN;

(3) A STATEMENT, ARTWORK, OR DESIGN THAT COULD REASONABLY MISLEAD ANY INDIVIDUAL TO BELIEVE THAT THE PACKAGING CONTAINS ANYTHING OTHER THAN A FINISHED CANNABIS PRODUCT; AND

(4) ANY IMAGE OF A SEAL, FLAG, CREST, COAT OF ARMS, OR OTHER INSIGNIA THAT COULD REASONABLY MISLEAD ANY INDIVIDUAL TO BELIEVE THAT THE PRODUCT HAS BEEN ENDORSED, MANUFACTURED, OR USED BY ANY AGENCY OF A STATE OR POLITICAL SUBDIVISION.

~~(D) A PERSON MAY NOT SEEK, OFFER FOR SALE, OR FACILITATE THE SALE OF EMPTY PACKAGING THAT, IF USED, WOULD BE A VIOLATION OF ANY PROVISION OF THIS TITLE~~ THE ADMINISTRATION MAY ADOPT REGULATIONS TO ALLOW THE SALE, ON OR BEFORE JULY 1, 2024, OF CANNABIS OR CANNABIS PRODUCTS THAT ARE LABELED OR PACKAGED USING IMAGES DESCRIBED UNDER SUBSECTION (C)(1) OF THIS SECTION.

36-204.

(A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE ~~DIVISION~~ ADMINISTRATION SHALL ESTABLISH AND MAINTAIN A STATE CANNABIS TESTING LABORATORY.

(2) (I) ON OR BEFORE JULY 1, 2023, THE MARYLAND DEPARTMENT OF AGRICULTURE OR THE MARYLAND DEPARTMENT OF HEALTH MAY ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE ~~DIVISION~~ ADMINISTRATION TO TEST CANNABIS AT AN EXISTING STATE-OWNED LABORATORY IF DOING SO WOULD BE A MORE ECONOMIC AND EFFICIENT ALTERNATIVE TO THE ESTABLISHMENT OF A TESTING LABORATORY UNDER PARAGRAPH (1) OF THIS SUBSECTION.

(II) IF THE MARYLAND DEPARTMENT OF AGRICULTURE OR THE MARYLAND DEPARTMENT OF HEALTH AND THE ~~DIVISION~~ ADMINISTRATION DETERMINE THAT CO-LOCATING CANNABIS TESTING AT AN EXISTING STATE-OWNED LABORATORY IS NOT OPERATIONALLY FEASIBLE, SUFFICIENT FUNDING SHALL BE PROVIDED IN THE ANNUAL BUDGET TO COMPLY WITH PARAGRAPH (1) OF THIS SUBSECTION.

(B) THE STATE CANNABIS TESTING LABORATORY IS RESPONSIBLE FOR:

(1) DEVELOPING AND MAINTAINING A CANNABIS LABORATORY REFERENCE LIBRARY THAT CONTAINS CANNABIS TESTING METHODOLOGIES IN THE AREAS OF:

- (I) POTENCY;
- (II) HOMOGENEITY;
- (III) DETECTION AND QUANTITATION OF CONTAMINANTS; AND
- (IV) SOLVENTS;

(2) ESTABLISHING STANDARD OPERATING PROCEDURES FOR SAMPLE COLLECTION, PREPARATION, AND ANALYSIS OF CANNABIS BY INDEPENDENT TESTING LABORATORIES;

(3) CONDUCTING PROFICIENCY TESTING OF INDEPENDENT TESTING LABORATORIES;

(4) REMEDIATING PROBLEMS WITH INDEPENDENT TESTING LABORATORIES; ~~AND~~

(5) CONDUCTING COMPLIANCE TESTING ON CANNABIS SAMPLES ANALYZED BY INDEPENDENT TESTING LABORATORIES; AND

(6) IDENTIFYING AND DETECTING THE PRESENCE AND PURITY OF CANNABIS, ALCOHOL, AND TOBACCO IN SAMPLES OR SEIZED CONTRABAND IN SUPPORT OF THE REGULATORY AUTHORITY OF THE COMMISSION.

(C) INDEPENDENT TESTING LABORATORIES LICENSED UNDER § 36-408 OF THIS TITLE SHALL PROVIDE MATERIALS FOR THE CANNABIS LABORATORY REFERENCE LIBRARY.

(D) THE STATE CANNABIS TESTING LABORATORY SHALL HOLD MEDICAL AND ADULT-USE CANNABIS TESTING TO THE SAME STANDARDS.

36-205.

(A) THE ~~DIVISION~~ ADMINISTRATION MAY IMPOSE REGISTRATION AND OTHER FEES TO DEFRAY THE COSTS OF:

(1) THE OPERATIONS OF THE ~~DIVISION~~ ADMINISTRATION AND THE COMMISSION; AND

(2) ADMINISTERING AND ENFORCING THIS ~~DIVISION~~ TITLE.

(B) IF FEES ARE IMPOSED UNDER SUBSECTION (A) OF THIS SECTION, THE ~~DIVISION~~ ADMINISTRATION SHALL DEPOSIT THE FEES COLLECTED IN THE CANNABIS REGULATION AND ENFORCEMENT FUND ESTABLISHED UNDER § 36-206 OF THIS SUBTITLE.

36-206.

(A) IN THIS SECTION, “FUND” MEANS THE CANNABIS REGULATION AND ENFORCEMENT FUND.

(B) THERE IS A CANNABIS REGULATION AND ENFORCEMENT FUND.

(C) THE PURPOSE OF THE FUND IS TO PROVIDE FUNDS TO COVER THE COSTS OF:

(1) THE OPERATION OF THE ~~DIVISION AND THE COMMISSION~~ ADMINISTRATION; AND

(2) ADMINISTERING AND ENFORCING THIS ~~DIVISION~~ TITLE.

(D) THE COMPTROLLER SHALL ADMINISTER THE FUND AT THE DIRECTION OF THE ~~DIVISION~~ ADMINISTRATION.

(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) THE FUND CONSISTS OF:

(1) FEES DISTRIBUTED TO THE FUND UNDER § 36-205 OF THIS SUBTITLE;

(2) REVENUE DISTRIBUTED TO THE FUND UNDER § 2-1302.2 OF THE TAX – GENERAL ARTICLE;

(3) INTEREST EARNINGS OF THE FUND; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND, IN ACCORDANCE WITH ANY CONDITIONS ADOPTED BY THE COMMISSION FOR THE ACCEPTANCE OF DONATIONS OR GIFTS TO THE FUND.

(G) THE FUND MAY BE USED ONLY FOR CARRYING OUT THIS ~~DIVISION~~ TITLE.

(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

(I) THE FUND IS SUBJECT TO AUDIT BY THE OFFICE OF LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2-1220 OF THE STATE GOVERNMENT ARTICLE.

(J) (1) ON OR BEFORE MARCH 15 EACH YEAR, THE COMPTROLLER SHALL PUBLISH ON ITS WEBSITE A DETAILED REPORT ON REVENUE DISTRIBUTED TO AND EXPENDITURES FROM THE FUND.

(2) THE REPORT SHALL ALSO BE SUBMITTED TO THE GENERAL ASSEMBLY IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE.

SUBTITLE 3. MEDICAL USE OF CANNABIS.

36-301.

(A) ~~THE DIVISION~~ ADMINISTRATION SHALL REGISTER AS A CERTIFYING PROVIDER AN INDIVIDUAL WHO:

(1) MEETS THE REQUIREMENTS OF THIS SUBTITLE; AND

(2) SUBMITS THE REQUIRED APPLICATION TO THE ~~DIVISION~~ ADMINISTRATION.

(B) TO BE REGISTERED AS A CERTIFYING PROVIDER, A PROVIDER SHALL SUBMIT AN APPLICATION TO THE ~~DIVISION~~ ADMINISTRATION THAT INCLUDES:

(1) THE REASONS FOR INCLUDING A PATIENT UNDER THE CARE OF THE PROVIDER FOR THE PURPOSES OF THIS SUBTITLE, INCLUDING THE PATIENT'S QUALIFYING MEDICAL CONDITIONS;

(2) AN ATTESTATION THAT A STANDARD PATIENT EVALUATION WILL BE COMPLETED, INCLUDING A HISTORY, A PHYSICAL EXAMINATION, A REVIEW OF SYMPTOMS, AND OTHER RELEVANT MEDICAL INFORMATION; AND

(3) THE PROVIDER'S PLAN FOR THE ONGOING ASSESSMENT AND FOLLOW-UP CARE OF A PATIENT AND FOR COLLECTING AND ANALYZING DATA.

(C) ~~THE DIVISION~~ ADMINISTRATION IS ENCOURAGED TO APPROVE PROVIDER APPLICATIONS FOR THE FOLLOWING:

(1) A CHRONIC OR DEBILITATING DISEASE OR MEDICAL CONDITION THAT RESULTS IN A PATIENT BEING ADMITTED INTO HOSPICE OR RECEIVING PALLIATIVE CARE;

(2) A CHRONIC OR DEBILITATING DISEASE OR MEDICAL CONDITION OR THE TREATMENT OF A CHRONIC OR DEBILITATING DISEASE OR MEDICAL CONDITION THAT PRODUCES:

- (I) CACHEXIA, ANOREXIA, OR WASTING SYNDROME;
 - (II) SEVERE OR CHRONIC PAIN;
 - (III) SEVERE NAUSEA;
 - (IV) SEIZURES; OR
 - (V) SEVERE OR PERSISTENT MUSCLE SPASMS;
- (3) GLAUCOMA; OR
 - (4) POST-TRAUMATIC STRESS DISORDER.

(D) THE ~~DIVISION~~ ADMINISTRATION MAY NOT LIMIT TREATMENT OF A PARTICULAR MEDICAL CONDITION TO ONE CLASS OF PROVIDERS.

(E) THE ~~DIVISION~~ ADMINISTRATION MAY APPROVE APPLICATIONS THAT INCLUDE ANY OTHER CONDITION THAT IS SEVERE AND FOR WHICH OTHER MEDICAL TREATMENTS HAVE BEEN INEFFECTIVE IF THE SYMPTOMS REASONABLY CAN BE EXPECTED TO BE RELIEVED BY THE MEDICAL USE OF CANNABIS.

(F) A CERTIFYING PROVIDER OR THE SPOUSE OF A CERTIFYING PROVIDER MAY NOT:

- (1) RECEIVE ANY GIFT FROM A CANNABIS LICENSEE;
- (2) HOLD AN OWNERSHIP INTEREST IN A CANNABIS LICENSEE OR A BUSINESS THAT CONTROLS A CANNABIS LICENSEE; OR
- (3) RECEIVE ANY COMPENSATION FROM A CANNABIS LICENSEE.

(G) A CERTIFYING PROVIDER SHALL ISSUE EACH WRITTEN CERTIFICATION IN THE FORM REQUIRED BY THE ~~DIVISION~~ ADMINISTRATION.

(H) A CERTIFYING PROVIDER MAY DISCUSS MEDICAL CANNABIS WITH A PATIENT.

- (I) (1) A CERTIFYING PROVIDER REGISTRATION IS VALID FOR 2 YEARS.
- (2) THE ~~DIVISION~~ ADMINISTRATION SHALL GRANT OR DENY A RENEWAL OF A REGISTRATION BASED ON THE PROVIDER'S PERFORMANCE IN COMPLYING WITH REGULATIONS ADOPTED BY THE ~~DIVISION~~ ADMINISTRATION.

36-302.

(A) A QUALIFYING PATIENT OR CAREGIVER MAY OBTAIN MEDICAL CANNABIS FROM A DISPENSARY LICENSED BY THE ~~DIVISION~~ ADMINISTRATION.

(B) (1) A QUALIFYING PATIENT WHO IS AT LEAST 21 YEARS OLD MAY NOT CULTIVATE MORE THAN FOUR CANNABIS PLANTS.

(2) IF TWO OR MORE QUALIFYING PATIENTS WHO ARE AT LEAST 21 YEARS OLD RESIDE AT THE SAME RESIDENCE, NOT MORE THAN FOUR CANNABIS PLANTS MAY BE CULTIVATED AT THAT RESIDENCE.

(3) EXCEPT AS PROVIDED IN PARAGRAPHS (1) AND (2) OF THIS SUBSECTION, A QUALIFYING PATIENT SHALL COMPLY WITH THE CANNABIS CULTIVATION REQUIREMENTS ESTABLISHED UNDER § 5-601.2 OF THE CRIMINAL LAW ARTICLE.

(C) A QUALIFYING PATIENT UNDER THE AGE OF 18 YEARS MAY OBTAIN MEDICAL CANNABIS ONLY THROUGH:

(1) THE QUALIFYING PATIENT'S CAREGIVER; OR

(2) ANY DESIGNATED SCHOOL PERSONNEL AUTHORIZED TO ADMINISTER MEDICAL CANNABIS TO A STUDENT IN ACCORDANCE WITH THE GUIDELINES ESTABLISHED UNDER § 7-446 OF THE EDUCATION ARTICLE.

(D) A CAREGIVER MAY SERVE NOT MORE THAN FIVE QUALIFYING PATIENTS AT ANY TIME.

(E) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A QUALIFYING PATIENT MAY HAVE NOT MORE THAN TWO CAREGIVERS.

(2) A QUALIFYING PATIENT UNDER THE AGE OF 18 YEARS MAY HAVE NOT MORE THAN FOUR CAREGIVERS.

(F) A SALE OF CANNABIS OR CANNABIS PRODUCTS TO A QUALIFYING PATIENT IS NOT SUBJECT TO TAXES IMPOSED ON THE SALE OF CANNABIS OR CANNABIS PRODUCTS UNDER § 11-104(K) OF THE TAX – GENERAL ARTICLE.

(G) A QUALIFYING PATIENT MAY POSSESS UP TO:

(1) 120 GRAMS OF USABLE CANNABIS; OR

(2) 36 GRAMS OF DELTA-9-TETRAHYDROCANNABINOL (THC) IN THE CASE OF A CANNABIS-INFUSED PRODUCT.

(H) DESIGNATED SCHOOL PERSONNEL DESCRIBED IN SUBSECTION (C)(2) OF THIS SECTION:

(1) MAY ADMINISTER TO A STUDENT ONLY MEDICAL CANNABIS:

(I) THAT IS OBTAINED THROUGH THE STUDENT’S CAREGIVER;

AND

(II) IN ACCORDANCE WITH DOSING, TIMING, AND DELIVERY ROUTE INSTRUCTIONS AS PROVIDED BY THE CERTIFYING PROVIDER’S WRITTEN INSTRUCTIONS; AND

(2) ARE NOT REQUIRED TO REGISTER WITH THE ~~COMMISSION~~ ADMINISTRATION UNDER THIS SUBTITLE.

(I) A CAREGIVER MAY ADMINISTER MEDICAL CANNABIS TO A STUDENT WHO IS A QUALIFYING PATIENT OF THE CAREGIVER ON SCHOOL PROPERTY, DURING SCHOOL-SPONSORED ACTIVITIES, AND WHILE ON A SCHOOL BUS.

SUBTITLE 4. CANNABIS LICENSING.

36-401.

(A) (1) A PERSON MUST OBTAIN A CANNABIS LICENSE ISSUED BY THE ~~DIVISION~~ ADMINISTRATION TO OPERATE A CANNABIS BUSINESS.

(2) A CANNABIS LICENSE ISSUED UNDER THIS SUBTITLE:

(I) AUTHORIZES THE HOLDER OF THE LICENSE TO OPERATE A MEDICAL AND ADULT-USE CANNABIS BUSINESS;

(II) IS VALID FOR 5 YEARS ON INITIAL LICENSURE AND 5 YEARS ON RENEWAL; AND

(III) MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH SUBTITLE 5 OF THIS TITLE.

(B) (1) THE ~~DIVISION~~ ADMINISTRATION SHALL:

(I) ISSUE STANDARD LICENSES, MICRO LICENSES, INCUBATOR SPACE LICENSES, AND ON-SITE CONSUMPTION LICENSES IN ACCORDANCE WITH THIS TITLE;

(II) ON OR BEFORE JULY 1, 2023, CONVERT LICENSES THAT WERE ISSUED TO MEDICAL CANNABIS GROWERS, PROCESSORS, AND DISPENSARIES, INCLUDING THOSE BUSINESSES PREAPPROVED FOR LICENSURE, TO LICENSES TO OPERATE A MEDICAL AND ADULT-USE CANNABIS BUSINESS IF:

1. A CONVERSION FEE IS PAID IN ACCORDANCE WITH § 36-403 OF THIS SUBTITLE; AND

2. THE BUSINESS COMPLIES WITH THE OWNERSHIP RESTRICTIONS UNDER SUBSECTION (E) OF THIS SECTION;

(III) SET PRODUCTION, PROCESSING, SALES, AND OTHER LIMITATIONS AND REQUIREMENTS FOR ALL LICENSE TYPES;

(IV) ISSUE DISPENSARY LICENSES IN A MANNER THAT ENCOURAGES A BALANCED GEOGRAPHIC DISTRIBUTION BASED ON POPULATION AND MARKET DEMAND WITHIN A SPECIFIC COUNTY, AS WELL AS CROSS-JURISDICTIONAL MARKET DEMAND; AND

~~(V) CONSIDER MARKET DEMAND IN THE ISSUANCE OF ALL LICENSE TYPES; AND~~

~~(VI)~~ (V) ADOPT REGULATIONS REQUIRING LICENSEES WHOSE LICENSES WERE CONVERTED BY THE DIVISION ADMINISTRATION UNDER ITEM (II) OF THIS PARAGRAPH TO RESERVE A SPECIFIED AMOUNT OF CANNABIS FOR SOCIAL EQUITY LICENSEES.

(2) THE ~~DIVISION~~ ADMINISTRATION MAY:

(I) INSPECT A CANNABIS LICENSEE TO ENSURE COMPLIANCE WITH THIS TITLE AND THE REGULATIONS ADOPTED UNDER THIS TITLE;

(II) REVOKE A CANNABIS LICENSE IF GOOD FAITH EFFORTS HAVE NOT BEEN MADE BY THE CANNABIS LICENSEE TO ESTABLISH A CANNABIS BUSINESS WITHIN 18 MONTHS AFTER THE LICENSE WAS AWARDED;

(III) IMPOSE PENALTIES OR RESCIND THE LICENSE OF A CANNABIS LICENSEE THAT DOES NOT MEET THE STANDARDS FOR LICENSURE

ESTABLISHED UNDER THIS TITLE OR REGULATIONS ADOPTED UNDER THIS TITLE;
AND

(IV) CONDITIONALLY AWARD CANNABIS LICENSES.

(C) (1) A STANDARD LICENSE AUTHORIZES THE HOLDER OF THE LICENSE:

(I) FOR GROWERS, TO OPERATE MORE THAN 10,000 SQUARE FEET, BUT NOT MORE THAN 300,000 SQUARE FEET, OF INDOOR CANOPY OR ITS EQUIVALENT, AS CALCULATED BY THE ~~DIVISION~~ ADMINISTRATION;

(II) FOR PROCESSORS, TO PROCESS MORE THAN 1,000 POUNDS OF CANNABIS PER YEAR, AS CALCULATED BY THE ~~DIVISION~~ ADMINISTRATION; AND

(III) FOR DISPENSARIES, TO OPERATE A STORE AT A PHYSICAL LOCATION THAT SELLS CANNABIS OR CANNABIS PRODUCTS.

(2) A MICRO LICENSE AUTHORIZES THE HOLDER OF THE LICENSE:

(I) FOR GROWERS, TO OPERATE NOT MORE THAN 10,000 SQUARE FEET OF INDOOR CANOPY OR ITS EQUIVALENT, AS CALCULATED BY THE ~~DIVISION~~ ADMINISTRATION;

(II) FOR PROCESSORS, TO PROCESS NOT MORE THAN 1,000 POUNDS OF CANNABIS PER YEAR, AS CALCULATED BY THE ~~DIVISION~~ ADMINISTRATION; AND

(III) FOR DISPENSARIES, TO OPERATE A DELIVERY SERVICE THAT SELLS CANNABIS OR CANNABIS PRODUCTS WITHOUT A PHYSICAL STOREFRONT, PROVIDED THAT THE LICENSEE EMPLOYS NOT MORE THAN 10 EMPLOYEES.

(3) AN INCUBATOR SPACE LICENSE AUTHORIZES THE HOLDER OF THE LICENSE TO OPERATE A FACILITY WITHIN WHICH A MICRO LICENSEE MAY OPERATE IN ACCORDANCE WITH § 36-406 OF THIS SUBTITLE.

(4) AN ON-SITE CONSUMPTION LICENSE AUTHORIZES THE HOLDER OF THE LICENSE TO OPERATE A FACILITY ~~IN~~ ON THE PREMISES OF WHICH INDIVIDUALS CAN SMOKE OUTDOORS, SMOKE, VAPE, VAPE, OR CONSUME CANNABIS IN ACCORDANCE WITH § 36-407 OF THIS SUBTITLE.

(D) THE ~~DIVISION~~ ADMINISTRATION MAY NOT ISSUE MORE THAN THE FOLLOWING NUMBER OF LICENSES PER TYPE, INCLUDING LICENSES CONVERTED UNDER SUBSECTION (B)(1)(II) OF THIS SECTION:

(1) FOR STANDARD LICENSES:

(I) 75 GROWER LICENSES;

(II) 100 PROCESSOR LICENSES; AND

(III) 300 DISPENSARY LICENSES;

(2) FOR MICRO LICENSES:

(I) 100 GROWER LICENSES;

(II) 100 PROCESSOR LICENSES; AND

(III) ~~200~~ 10 DISPENSARY LICENSES;

(3) FOR INCUBATOR SPACE LICENSES, 10 LICENSES; AND

(4) FOR ON-SITE CONSUMPTION LICENSES, 50 LICENSES.

(E) (1) THIS SUBSECTION APPLIES TO ALL LICENSES, INCLUDING LICENSES CONVERTED UNDER SUBSECTION (B)(1)(II) OF THIS SECTION.

(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, A PERSON MAY HAVE AN OWNERSHIP INTEREST IN OR CONTROL OF, INCLUDING THE POWER TO MANAGE AND OPERATE, ~~ONLY~~:

(I) FOR STANDARD LICENSES AND MICRO LICENSES:

1. ONE GROWER LICENSEE;

2. ONE PROCESSOR LICENSEE; AND

3. NOT MORE THAN ~~TWO~~ FOUR DISPENSARY LICENSEES;

(II) FOR INCUBATOR SPACE LICENSES, NOT MORE THAN TWO LICENSEES; AND

(III) FOR ON-SITE CONSUMPTION LICENSES, NOT MORE THAN TWO LICENSEES.

(3) (I) A PERSON WHO OWNS OR CONTROLS AN INCUBATOR SPACE LICENSEE OR AN ON-SITE CONSUMPTION LICENSEE MAY NOT OWN OR CONTROL ANY OTHER CANNABIS LICENSEE.

(II) THE ~~DIVISION~~ ADMINISTRATION SHALL ADOPT REGULATIONS LIMITING A PERSON OR FUND FROM ACQUIRING A NONMAJORITY OWNERSHIP INTEREST IN MULTIPLE CANNABIS BUSINESSES BEYOND THE LIMITATIONS ESTABLISHED UNDER THIS SUBSECTION.

(4) THE RESTRICTIONS IN PARAGRAPH (2) OF THIS SUBSECTION DO NOT APPLY TO A PERSON OR AN ENTITY WHO HOLDS AN OWNERSHIP INTEREST ONLY AS A PASSIVE INVESTOR.

(F) (1) THE HOLDER OF A CANNABIS LICENSE MAY NOT SURRENDER THE LICENSE AND APPLY FOR A NEW LICENSE IN THE SAME OR A SIMILAR CATEGORY.

(2) THE LIMITATION UNDER PARAGRAPH (1) OF THIS SUBSECTION APPLIES TO:

(I) AFFILIATES, HOLDING COMPANIES, PARENT COMPANIES, OR OTHER RELATED ENTITIES;

(II) INDIVIDUALS AND FIRMS WITH IDENTICAL OR SUBSTANTIALLY IDENTICAL BUSINESS OR ECONOMIC INTERESTS;

(III) PERSONS WITH COMMON INVESTMENTS; AND

(IV) FIRMS THAT ARE ECONOMICALLY DEPENDENT ON EACH OTHER THROUGH CONTRACTUAL OR OTHER RELATIONSHIPS.

(G) NOTWITHSTANDING ANY PROVISIONS OF THIS TITLE, THE HOLDER OF A DISPENSARY LICENSE ISSUED BY THE NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION WHO ~~DOES CONVERT~~ CONVERTS THE LICENSE OR A REGISTRANT WITH THE NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION MAY CONTINUE TO DELIVER MEDICAL CANNABIS UNTIL ~~JANUARY~~ JULY 1, 2024.

(H) A LICENSE ISSUED UNDER THIS TITLE:

(1) IS NOT PROPERTY AND DOES NOT CONFER PROPERTY RIGHTS; AND

(2) IS SUBJECT TO:

(I) SUSPENSION, REVOCATION, AND RESTRICTIONS AUTHORIZED BY LAW; AND

(II) REGULATIONS AUTHORIZED UNDER THIS ARTICLE.

(I) (1) ON AND AFTER JULY 1, 2023, THE HOLDER OF A LICENSE ISSUED BY THE NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION WHO DOES NOT CONVERT THE LICENSE:

(I) MAY NOT:

1. OPERATE UNDER THE LICENSE; OR

2. RENEW THE LICENSE; BUT

(II) MAY CONTINUE TO HOLD THE LICENSE FOR RESALE TO ANOTHER PERSON FOR CONVERSION UNDER THIS SUBTITLE.

(2) THE PURCHASER OF A LICENSE SOLD BY A LICENSE HOLDER WHO DOES NOT CONVERT A LICENSE UNDER PARAGRAPH (1) OF THIS SUBSECTION IS RESPONSIBLE FOR PAYING THE ONE-TIME CONVERSION FEE UNDER § 36-403 OF THIS SUBTITLE.

36-402.

(A) IT IS THE INTENT OF THE GENERAL ASSEMBLY TO PRESERVE PRODUCTION AVAILABILITY FOR NEW ADULT-USE CANNABIS CULTIVATION LICENSES ISSUED UNDER THIS SUBTITLE.

(B) (1) IF THE LICENSE OF A CANNABIS LICENSEE IS CONVERTED BY THE ~~DIVISION~~ ADMINISTRATION UNDER § 36-401(B)(1)(II) OF THIS SUBTITLE, THE CANNABIS LICENSEE SHALL:

(I) IF THE LICENSEE IS A GROWER, ADHERE TO THE EXPANSION LIMITATIONS SPECIFIED UNDER PARAGRAPH (2) OF THIS SUBSECTION; AND

(II) PAY THE CONVERSION FEE REQUIRED UNDER § 36-403 OF THIS SUBTITLE.

(2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH AND SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH, ON OR BEFORE JANUARY 1, 2026, AN OPERATIONAL BUSINESS THAT HOLDS A GROWER LICENSE ISSUED BEFORE ~~OCTOBER 1, 2022~~ DECEMBER 31, 2022, MAY EXPAND THE

CANOPY OF ITS OPERATIONS AS IT EXISTED ON ~~OCTOBER 1, 2022~~ DECEMBER 31, 2022, AND BASED ON FACILITY SQUARE FOOTAGE OF INDOOR CANOPY SPACE OR ITS EQUIVALENT, AS CALCULATED BY THE ~~DIVISION~~ ADMINISTRATION IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION, ONLY AS FOLLOWS:

1. IF THE CANOPY IS UNDER 25,000 SQUARE FEET, TO 25,000 SQUARE FEET OR BY ~~25%~~ 20%, WHICHEVER IS GREATER;
2. IF THE CANOPY IS AT OR ABOVE 25,000 SQUARE FEET, BY ~~25%~~ 20%; OR
3. IF THE CANNABIS LICENSEE HAS A SQUARE FOOTAGE EXPANSION THAT WAS PREAPPROVED BEFORE ~~OCTOBER 1, 2022~~ DECEMBER 31, 2022, THE PREAPPROVED EXPANSION OR ~~25%~~ 20%, WHICHEVER IS GREATER.

(II) IF THE ~~DIVISION~~ ADMINISTRATION AND AN OPERATIONAL BUSINESS DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH ARE UNABLE TO AGREE AS TO THE SQUARE FOOTAGE OF THE CANOPY EXPANSION OF THE LICENSEE'S OPERATIONS AUTHORIZED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE SQUARE FOOTAGE OF THE CANOPY EXPANSION SHALL BE CALCULATED BASED ON THE LICENSEE'S AVERAGE CANNABIS PRODUCTION IN CALENDAR YEARS 2021 AND 2022.

(III) AN OPERATIONAL BUSINESS DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY BEGIN TO EXPAND ITS CANOPY OF OPERATIONS:

1. BY NOT MORE THAN 50% OF THE TOTAL SQUARE FOOTAGE AUTHORIZED UNDER SUBPARAGRAPH (I) OR (II) OF THIS PARAGRAPH ON OR AFTER JANUARY 1, 2024; AND
2. FOR THE REMAINING TOTAL SQUARE FOOTAGE AUTHORIZED UNDER SUBPARAGRAPH (I) OR (II) OF THIS PARAGRAPH ON OR AFTER MAY 1, 2024.

(IV) A GROWER LICENSEE MAY NOT OPERATE AN INDOOR CANOPY THAT EXCEEDS 300,000 SQUARE FEET OR ITS EQUIVALENT, AS CALCULATED BY THE ~~DIVISION~~ ADMINISTRATION IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION, IF THE GROWER LICENSEE:

1. HELD A STAGE ONE PREAPPROVAL FOR A LICENSE BEFORE ~~OCTOBER 1, 2022~~ DECEMBER 31, 2022 OCTOBER 1, 2022; AND

2. WAS NOT OPERATIONAL BEFORE ~~OCTOBER 1, 2022~~
~~DECEMBER 31, 2022~~ OCTOBER 1, 2022.

(C) A BUSINESS THAT IS ISSUED A NEW CANNABIS LICENSE UNDER § 36-401 OF THIS SUBTITLE MAY NOT OPERATE AN INDOOR CANOPY THAT EXCEEDS 300,000 SQUARE FEET FOR INDOOR CANOPIES OR ITS EQUIVALENT, AS CALCULATED BY THE ~~DIVISION~~ ADMINISTRATION.

(D) (1) (I) THIS PARAGRAPH APPLIES TO ALL LICENSED GROWERS.

(II) A LICENSED GROWER SHALL ACCURATELY CALCULATE AND REPORT ANNUALLY TO THE ~~DIVISION~~ ADMINISTRATION ITS FLOWERING CANNABIS PLANT CANOPY AREA.

(III) THE CANOPY AREA IS MEASURED ~~USING THE OUTSIDE BOUNDARIES OF ANY AREA THAT INCLUDES FLOWERING CANNABIS PLANTS AND ALL OF THE SPACE WITHIN THE BOUNDARIES~~ IN ACCORDANCE WITH THE DEFINITION OF “CANOPY” ESTABLISHED UNDER § 36-101 OF THIS TITLE.

(IV) FOR THE PURPOSE OF MEASURING CANOPY, 1 SQUARE FOOT OF INDOOR CANOPY IS EQUAL TO 4 SQUARE FEET OF OUTDOOR CANOPY.

(V) THE MAXIMUM AMOUNT OF SPACE FOR CANNABIS PRODUCTION MAY NOT EXCEED THE CANOPY AUTHORIZED UNDER THIS SECTION.

(VI) IF THE AMOUNT OF SQUARE FEET OF PRODUCTION FOR A LICENSED GROWER EXCEEDS THE CANOPY AUTHORIZED UNDER THIS SECTION AND § 36-401 OF THIS SUBTITLE, THE COMMISSION MAY:

1. REDUCE THE CANOPY OF THE LICENSED GROWER BY THE SAME PERCENTAGE AS IT EXCEEDS THE AUTHORIZED CANOPY; AND

2. SEIZE, DESTROY, CONFISCATE, OR PLACE AN ADMINISTRATIVE HOLD ON ANY FLOWERING CANNABIS PLANTS PRODUCED IN EXCESS OF THE CANOPY.

(VII) THE ADMINISTRATION SHALL ANNUALLY REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE AMOUNT OF CANOPY AREA REPORTED TO THE ADMINISTRATION BY LICENSED GROWERS UNDER ITEM (II) OF THIS PARAGRAPH.

(2) THE MAXIMUM AMOUNT OF CANOPY FOR AN OPERATIONAL BUSINESS THAT HOLDS A LICENSE ISSUED BEFORE ~~OCTOBER 1, 2022~~ DECEMBER

~~31, 2022~~ OCTOBER 1, 2022, SHALL BE CALCULATED BASED ON THE MAXIMUM CANOPY OF THE LICENSEE AS SELF-REPORTED BY THE LICENSEE AND RECORDED BY THE ~~DIVISION~~ NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION ON OR BEFORE ~~DECEMBER 1, 2022~~ MARCH 1, 2023 ~~DECEMBER 1, 2022~~.

(E) (1) ON OR BEFORE JULY 1, 2024, THE ADMINISTRATION SHALL ADOPT MINIMUM STANDARDS FOR LICENSED GROWERS TO PROTECT THE RIGHTS OF THE GROWERS AND EMPLOYEES CONCERNING GRIEVANCES, LABOR DISPUTES, WAGES, RATES OF PAY, HOURS, OR OTHER TERMS OR CONDITIONS OF EMPLOYMENT.

(2) THE STANDARDS SHALL, AT A MINIMUM, PROTECT THE STATE’S INTERESTS BY PROHIBITING A LABOR ORGANIZATION FROM ENGAGING IN PICKETING, WORK STOPPAGES, BOYCOTTS, OR ANY OTHER ECONOMIC INTERFERENCE WITH THE OPERATION OF THE LICENSED GROWER.

(3) AS A CONDITION OF LICENSURE, THE LICENSED GROWER SHALL:

(I) COMPLY WITH THE STANDARDS ADOPTED UNDER PARAGRAPH (1) OF THIS SUBSECTION; AND

(II) NEGOTIATE IN GOOD FAITH WITH EMPLOYEES AND ANY LEGITIMATE LABOR ORGANIZATION RECOGNIZED BY THE ADMINISTRATION.

36-403.

(A) (1) THIS SUBSECTION APPLIES ONLY TO A BUSINESS THAT HOLDS A CANNABIS LICENSE AND WAS PHYSICALLY AND ACTIVELY ENGAGED IN THE CULTIVATION OR PROCESSING OF MEDICAL CANNABIS BEFORE ~~OCTOBER 1, 2022~~ ~~DECEMBER 31, 2022~~ OCTOBER 1, 2022.

(2) (I) ~~EACH GROWER OR PROCESSOR~~ SUBJECT TO SUBSECTION (E) OF THIS SECTION AND EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, ~~EACH GROWER, PROCESSOR, AND DISPENSARY:~~

1. EACH GROWER AND PROCESSOR SHALL PAY ~~THE FOLLOWING~~ A ONE-TIME CONVERSION FEE ~~BASED ON~~ OF 10% OF THE TOTAL GROSS REVENUE OF THE ~~GROWER OR PROCESSOR IN 2022;~~ GROWER, OR PROCESSOR, OR DISPENSARY IN 2022, BUT NOT MORE THAN \$2,000,000; AND

2. EACH DISPENSARY SHALL PAY A ONE-TIME CONVERSION FEE OF 8% OF THE TOTAL GROSS REVENUE OF THE DISPENSARY IN 2022, BUT NOT MORE THAN \$2,000,000.

(II) THE AMOUNT OF THE CONVERSION FEE FEES IN SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY NOT BE LESS THAN \$100,000.

~~(I) \$100,000 IF THE GROSS REVENUE WAS LESS THAN \$1,000,000;~~

~~(II) \$500,000 IF THE GROSS REVENUE WAS AT LEAST \$1,000,000, BUT NOT MORE THAN \$5,000,000;~~

~~(III) \$1,000,000 IF THE GROSS REVENUE WAS MORE THAN \$5,000,000, BUT NOT MORE THAN \$10,000,000;~~

~~(IV) \$1,500,000 IF THE GROSS REVENUE WAS MORE THAN \$10,000,000, BUT NOT MORE THAN \$15,000,000;~~

~~(V) \$2,000,000 IF THE GROSS REVENUE WAS MORE THAN \$15,000,000, BUT NOT MORE THAN \$20,000,000; OR~~

~~(VI) \$2,500,000 IF THE GROSS REVENUE WAS MORE THAN \$20,000,000.~~

(3) IF A BUSINESS HOLDS A GROWER AND PROCESSOR LICENSE, THE FEE SHALL BE BASED ON TOTAL GROSS REVENUE FROM BOTH LICENSE TYPES.

~~(B) (1) THIS SUBSECTION APPLIES ONLY TO A BUSINESS THAT HOLDS A CANNABIS LICENSE AND WAS PHYSICALLY AND ACTIVELY ENGAGED IN THE DISPENSING OF MEDICAL CANNABIS BEFORE OCTOBER 1, 2022.~~

~~(2) EACH DISPENSARY SHALL PAY THE FOLLOWING ONE-TIME CONVERSION FEE BASED ON THE GROSS REVENUE OF THE DISPENSARY IN 2022:~~

~~(I) \$100,000 IF THE GROSS REVENUE WAS LESS THAN \$1,000,000;~~

~~(II) \$250,000 IF THE GROSS REVENUE WAS AT LEAST \$1,000,000, BUT NOT MORE THAN \$5,000,000;~~

~~(III) \$500,000 IF THE GROSS REVENUE WAS MORE THAN \$5,000,000, BUT NOT MORE THAN \$10,000,000;~~

~~(IV) \$1,000,000 IF THE GROSS REVENUE WAS MORE THAN \$10,000,000, BUT NOT MORE THAN \$15,000,000;~~

~~(V) \$1,500,000 IF THE GROSS REVENUE WAS MORE THAN \$15,000,000, BUT NOT MORE THAN \$20,000,000; OR~~

~~(VI) \$2,000,000 IF THE GROSS REVENUE WAS MORE THAN \$20,000,000.~~

~~(C)~~ (B) (1) THIS SUBSECTION APPLIES ONLY TO A BUSINESS THAT:

(I) HELD A STAGE ONE PREAPPROVAL FOR A LICENSE BEFORE ~~OCTOBER 1, 2022~~ DECEMBER 31, 2022 ~~OCTOBER 1, 2022~~; AND

(II) WAS NOT OPERATIONAL BEFORE ~~OCTOBER 1, 2022~~ DECEMBER 31, 2022 ~~OCTOBER 1, 2022~~.

(2) ~~A~~ SUBJECT TO SUBSECTION (E) OF THIS SECTION, A GROWER OR PROCESSOR SHALL PAY A ONE-TIME CONVERSION FEE OF \$50,000.

(3) ~~A~~ SUBJECT TO SUBSECTION (E) OF THIS SECTION, A DISPENSARY SHALL PAY A ONE-TIME CONVERSION FEE OF \$25,000.

~~(D)~~ (C) (1) THIS SUBSECTION APPLIES ONLY TO AN APPLICANT APPLYING FOR A CANNABIS LICENSE UNDER § 36-404 OF THIS SUBTITLE.

(2) AN APPLICANT FOR A STANDARD LICENSE, AN INCUBATOR SPACE LICENSE, OR AN ON-SITE CONSUMPTION LICENSE SHALL PAY AN APPLICATION FEE OF \$5,000.

(3) AN APPLICANT FOR A MICRO LICENSE SHALL PAY AN APPLICATION FEE OF \$1,000.

~~(E)~~ (D) (1) SUBJECT TO ~~PARAGRAPH (2)~~ PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE ~~DIVISION~~ ADMINISTRATION SHALL ESTABLISH LICENSING AND RENEWAL FEES FOR ALL CANNABIS LICENSES.

(2) ~~THE~~ EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE LICENSING AND RENEWAL FEES ESTABLISHED UNDER PARAGRAPH (1) OF THIS SUBSECTION FOR STANDARD CANNABIS LICENSEES MAY NOT EXCEED:

(I) FOR INITIAL LICENSE FEES, \$50,000; AND

(II) FOR RENEWAL LICENSE FEES, THE LESSER OF 10% OF THE STANDARD CANNABIS LICENSEE’S ANNUAL GROSS REVENUE OR \$50,000.

(3) THE ADMINISTRATION SHALL REDUCE LICENSING AND RENEWAL FEES BY AT LEAST 50% FOR SOCIAL EQUITY LICENSES, MICRO LICENSES, INCUBATOR SPACE LICENSES, AND ON-SITE CONSUMPTION LICENSES.

~~(F)~~ **(E) (1) THE ONE-TIME CONVERSION FEES UNDER THIS SECTION:**

(I) MAY BE PAID IN SEPARATE INSTALLMENTS; AND

(II) SHALL BE PAID IN FULL ON OR BEFORE JANUARY 1, 2025.

(2) THE AMOUNT OF ANY LICENSING OR RENEWAL FEE PAID BY A BUSINESS FOR FISCAL YEAR ~~2024~~ 2023 TO THE NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION SHALL BE CREDITED AGAINST THE ONE-TIME CONVERSION FEE ASSESSED UNDER THIS SECTION.

(F) ALL FEES COLLECTED UNDER THIS SECTION SHALL BE PAID TO THE ~~DIVISION~~ ADMINISTRATION.

36-404.

(A) (1) ON OR BEFORE JANUARY 1, 2024, THE ~~DIVISION~~ ADMINISTRATION SHALL BEGIN ISSUING FIRST ROUND LICENSES IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION.

(2) ON OR AFTER MAY 1, 2024, THE ~~DIVISION~~ ADMINISTRATION SHALL BEGIN ISSUING SECOND ROUND LICENSES IN ACCORDANCE WITH SUBSECTIONS (E) OR (F) OF THIS SECTION.

(3) SUBJECT TO PARAGRAPHS (1) AND (2) OF THIS SUBSECTION, THE ~~DIVISION~~ ADMINISTRATION MAY ISSUE LICENSES IN ACCORDANCE WITH SUBSECTION (G) OF THIS SECTION.

(B) (1) THE ~~DIVISION~~ ADMINISTRATION SHALL:

(I) CONDUCT EXTENSIVE OUTREACH TO SMALL, MINORITY, AND WOMEN BUSINESS OWNERS AND ENTREPRENEURS WHO MAY HAVE AN INTEREST IN APPLYING FOR A CANNABIS LICENSE BEFORE ACCEPTING AND PROCESSING CANNABIS LICENSE APPLICATIONS;

(II) CONNECT POTENTIAL SOCIAL EQUITY APPLICANTS WITH THE OFFICE OF SOCIAL EQUITY;

(III) ACCEPT AND PROCESS APPLICATIONS FOR LICENSES:

1. IN RESPONSE TO A REQUEST FOR APPLICATIONS ISSUED UNDER THIS SECTION;

2. FOR A PERIOD OF 30 CALENDAR DAYS; AND

3. BEGINNING ON A DATE THAT IS AT LEAST 60 CALENDAR DAYS AFTER THE DATE ON WHICH THE ~~DIVISION~~ ADMINISTRATION ISSUED THE REQUEST FOR APPLICATIONS;

(IV) AWARD CANNABIS LICENSES IN AT LEAST TWO SEPARATE ROUNDS IN ACCORDANCE WITH THIS SECTION; AND

(V) RESERVE A REASONABLE NUMBER OF LICENSES TO ALLOW MICRO LICENSES TO TRANSITION TO STANDARD LICENSES, AS DETERMINED IN REGULATIONS BY THE ~~DIVISION~~ ADMINISTRATION.

(2) THE ~~DIVISION~~ ADMINISTRATION MAY SUSPEND, FINE, RESTRICT, OR REVOKE A CANNABIS LICENSE IF IT IS DETERMINED THAT A CANNABIS LICENSEE HAS NOT COMPLIED WITH STATEMENTS IN THE APPLICATION, INCLUDING STATEMENTS ABOUT STANDARDS OF OPERATION OR EMPLOYMENT PRACTICES RELATED TO DIVERSITY, EQUITY, AND INCLUSION.

(3) THE ~~DIVISION~~ ADMINISTRATION MAY NOT:

(I) ACCEPT MORE THAN ONE APPLICATION PER LICENSE TYPE FROM AN APPLICANT IN ANY ROUND;

(II) ACCEPT MORE THAN TWO APPLICATIONS FROM AN APPLICANT IN ANY ROUND;

(III) REQUIRE THAT AN APPLICANT POSSESS OR OWN A PROPERTY OR FACILITY TO OPERATE A CANNABIS BUSINESS AT THE TIME OF APPLICATION; ~~OR~~

(IV) REGARDLESS OF THE NUMBER OF LICENSE AWARDS AUTHORIZED IN EACH ROUND, AWARD MORE LICENSES THAN THE TOTAL NUMBER OF LICENSES AUTHORIZED UNDER § 36-401(D) OF THIS SUBTITLE; OR

(V) CONDUCT A MARKET DEMAND STUDY BEFORE THE FIRST ROUND LICENSES ARE ISSUED.

(4) THE ~~DIVISION~~ ADMINISTRATION MAY ADOPT REGULATIONS CONCERNING THE EQUITY AND FAIRNESS OF THE POOL OF APPLICANTS THROUGHOUT THE APPLICATION PROCESS.

(C) TO BE LICENSED, AN APPLICANT SHALL SUBMIT TO THE ~~DIVISION~~ ADMINISTRATION:

(1) AN APPLICATION FEE IN ACCORDANCE WITH § 36-403 OF THIS SUBTITLE; AND

(2) AN APPLICATION DEVELOPED BY THE ~~DIVISION~~ ADMINISTRATION UNDER THIS TITLE.

(D) (1) FOR THE FIRST ROUND, SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE ~~DIVISION~~ ADMINISTRATION SHALL ENTER EACH SOCIAL EQUITY APPLICANT THAT MEETS THE MINIMUM QUALIFICATIONS ESTABLISHED BY THE ~~DIVISION~~ ADMINISTRATION INTO A LOTTERY AND ISSUE TO SOCIAL EQUITY APPLICANTS NOT MORE THAN:

(I) FOR STANDARD LICENSES:

- 1. 20 GROWER LICENSES;**
- 2. 40 PROCESSOR LICENSES; AND**
- 3. 80 DISPENSARY LICENSES;**

(II) FOR MICRO LICENSES:

- 1. 30 GROWER LICENSES;**
- 2. 30 PROCESSOR LICENSES; AND**
- 3. ~~75~~ 10 DISPENSARY LICENSES; AND**

(III) 10 INCUBATOR SPACE LICENSES.

(2) THE ~~DIVISION~~ ADMINISTRATION SHALL DETERMINE WHETHER AN APPLICATION MEETS THE MINIMUM QUALIFICATIONS FOR THE LOTTERY ON A PASS-FAIL BASIS, AS DETERMINED BY THE ~~DIVISION~~ ADMINISTRATION, AFTER EVALUATING:

(I) A DETAILED OPERATIONAL PLAN FOR THE SAFE, SECURE, AND EFFECTIVE CULTIVATION, MANUFACTURE, OR DISPENSING OF CANNABIS;

(II) A BUSINESS PLAN DEMONSTRATING A LIKELIHOOD OF SUCCESS AND SUFFICIENT BUSINESS ABILITY AND EXPERIENCE ON THE PART OF

THE APPLICANT, AND PROVIDING FOR APPROPRIATE EMPLOYEE WORKING CONDITIONS; AND

(III) A DETAILED DIVERSITY PLAN.

(3) (I) IF AN APPLICANT SEEKING SOCIAL EQUITY STATUS IS FROM OUT-OF-STATE, THE APPLICANT MUST SUBMIT WITH THE APPLICATION EVIDENCE THAT THE APPLICANT MEETS THE CRITERIA FOR A SOCIAL EQUITY APPLICANT ESTABLISHED UNDER THIS TITLE BEFORE THE ADMINISTRATION MAY CONSIDER THE APPLICATION.

(II) FIRST ROUND APPLICATION SUBMISSIONS FOR ALL LICENSE TYPES ARE LIMITED TO SOCIAL EQUITY APPLICANTS.

(4) (I) ON OR BEFORE JANUARY 1, 2024, THE ADMINISTRATION SHALL SUBMIT AN INTERIM REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE ABILITY OF MICRO DISPENSARY LICENSEES TO SAFELY AND SECURELY DISPENSE CANNABIS.

(II) ON OR BEFORE DECEMBER 31, 2024, THE ADMINISTRATION SHALL SUBMIT A FINAL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE ABILITY OF MICRO DISPENSARY LICENSEES TO SAFELY AND SECURELY DISPENSE CANNABIS.

(E) FOR THE SECOND ROUND OF LICENSING, THE ADMINISTRATION SHALL ISSUE LICENSES IN ACCORDANCE WITH SUBSECTION (F) OR (G) OF THIS SECTION.

~~(E)~~ (F) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF THE ADMINISTRATION, IN CONSULTATION WITH THE CERTIFICATION AGENCY DESIGNATED BY THE BOARD OF PUBLIC WORKS UNDER § 14-303(B) OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR'S OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS, THE GENERAL ASSEMBLY, AND THE OFFICE OF THE ATTORNEY GENERAL, DETERMINES THAT ~~THE APPLICANTS AWARDED A LICENSE UNDER SUBSECTION (D) OF THIS SECTION ARE NOT DIVERSE AND A DISPARITY STUDY DETERMINES THAT THERE IS A COMPELLING INTEREST TO IMPLEMENT REMEDIAL MEASURES TO ASSIST MINORITIES AND WOMEN IN THE CANNABIS INDUSTRY~~ A DISPARITY STUDY DEMONSTRATES A STRONG BASIS IN EVIDENCE OF BUSINESS DISCRIMINATION AGAINST FIRMS OWNED BY MINORITIES AND WOMEN IN THE MARYLAND CANNABIS MARKET, THE ~~DIVISION~~ ADMINISTRATION SHALL ~~ENTER EACH APPLICANT THAT MEETS THE MINIMUM QUALIFICATIONS ESTABLISHED BY THE DIVISION INTO A LOTTERY AND ISSUE TO THE APPLICANTS~~ A SECOND ROUND OF LICENSES, APPLYING MINIMUM LICENSING

QUALIFICATIONS AND EMPLOYING REMEDIAL MEASURES CONSISTENT WITH CONSTITUTIONAL REQUIREMENTS, FOR NOT MORE THAN:

(I) FOR STANDARD LICENSES:

1. 25 GROWER LICENSES;
2. 25 PROCESSOR LICENSES; AND
3. 120 DISPENSARY LICENSES;

(II) FOR MICRO LICENSES:

1. 70 GROWER LICENSES; AND
2. 70 PROCESSOR LICENSES; AND
- ~~3. 125 DISPENSARY LICENSES;~~

(III) 10 INCUBATOR SPACE LICENSES; AND

(IV) 15 ON-SITE CONSUMPTION LICENSES.

~~(2) THE DIVISION SHALL DETERMINE WHETHER AN APPLICATION MEETS THE MINIMUM QUALIFICATIONS FOR A LOTTERY BASED ON A PASS-FAIL BASIS, AS DETERMINED BY THE DIVISION, AFTER EVALUATING:~~

~~(I) A DETAILED OPERATIONAL PLAN FOR THE SAFE, SECURE, AND EFFECTIVE CULTIVATION, MANUFACTURE, OR DISPENSING OF CANNABIS;~~

~~(II) A BUSINESS PLAN DEMONSTRATING A LIKELIHOOD OF SUCCESS AND SUFFICIENT BUSINESS ABILITY AND EXPERIENCE ON THE PART OF THE APPLICANT, AND PROVIDING FOR APPROPRIATE EMPLOYEE WORKING CONDITIONS;~~

~~(III) A DETAILED DIVERSITY PLAN; AND~~

~~(IV) REMEDIAL MEASURES ESTABLISHED IN ACCORDANCE WITH A DISPARITY STUDY.~~

(2) IF THE ADMINISTRATION, IN CONSULTATION WITH THE CERTIFICATION AGENCY DESIGNATED BY THE BOARD OF PUBLIC WORKS UNDER § 14-303(B) OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR'S OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS, THE

GENERAL ASSEMBLY, AND THE OFFICE OF THE ATTORNEY GENERAL, DETERMINES THAT A LOTTERY SYSTEM EMPLOYING REMEDIAL MEASURES ESTABLISHED IN ACCORDANCE WITH A DISPARITY STUDY CAN BE CONDUCTED CONSISTENT WITH CONSTITUTIONAL REQUIREMENTS, THE ADMINISTRATION SHALL AWARD LICENSES UNDER PARAGRAPH (1) OF THIS SUBSECTION THROUGH A LOTTERY PROCESS THAT EMPLOYS REMEDIAL MEASURES.

~~(F)~~ (G) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, IF THE ADMINISTRATION, IN CONSULTATION WITH THE CERTIFICATION AGENCY DESIGNATED BY THE BOARD OF PUBLIC WORKS UNDER § 14-303(B) OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR’S OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS, THE GENERAL ASSEMBLY, AND THE OFFICE OF THE ATTORNEY GENERAL, DETERMINES THAT THE APPLICANTS AWARDED A LICENSE UNDER SUBSECTION (D) OF THIS SECTION ARE DIVERSE REGARDLESS OF THE RESULTS OF A DISPARITY STUDY DOES NOT DEMONSTRATE A STRONG BASIS IN EVIDENCE OF BUSINESS DISCRIMINATION AGAINST FIRMS OWNED BY MINORITIES AND WOMEN IN THE MARYLAND CANNABIS MARKET, THE ~~DIVISION~~ ADMINISTRATION SHALL ENTER EACH APPLICANT THAT MEETS THE MINIMUM QUALIFICATIONS ESTABLISHED BY THE ~~DIVISION~~ ADMINISTRATION INTO A LOTTERY AND ISSUE TO THE APPLICANTS NOT MORE THAN:

- (I) FOR STANDARD LICENSES:
 - 1. 25 GROWER LICENSES;
 - 2. 25 PROCESSOR LICENSES; AND
 - 3. 120 DISPENSARY LICENSES;
- (II) FOR MICRO LICENSES:
 - 1. 70 GROWER LICENSES; AND
 - 2. 70 PROCESSOR LICENSES; ~~AND~~
 - ~~3. 125 DISPENSARY LICENSES;~~
- (III) 10 INCUBATOR SPACE LICENSES; AND
- (IV) 15 ON-SITE CONSUMPTION LICENSES.

(2) THE ~~DIVISION~~ ADMINISTRATION SHALL DETERMINE WHETHER AN APPLICATION MEETS THE MINIMUM QUALIFICATIONS FOR A LOTTERY BASED ON

A PASS-FAIL BASIS, AS DETERMINED BY THE ~~DIVISION~~ ADMINISTRATION, AFTER EVALUATING:

(I) A DETAILED OPERATIONAL PLAN FOR THE SAFE, SECURE, AND EFFECTIVE CULTIVATION, MANUFACTURE, OR DISPENSING OF CANNABIS;

(II) A BUSINESS PLAN DEMONSTRATING A LIKELIHOOD OF SUCCESS AND SUFFICIENT BUSINESS ABILITY AND EXPERIENCE ON THE PART OF THE APPLICANT, AND PROVIDING FOR APPROPRIATE EMPLOYEE WORKING CONDITIONS; AND

(III) A DETAILED DIVERSITY PLAN; ~~AND~~

~~(IV) FOR ALL LICENSE TYPES EXCEPT MICRO LICENSES, WHETHER OR NOT THE APPLICANT QUALIFIES AS A SOCIAL EQUITY APPLICANT.~~

(3) ~~SECOND ROUND APPLICATION~~ APPLICATION SUBMISSIONS FOR MICRO LICENSES UNDER THIS SUBSECTION ARE LIMITED TO SOCIAL EQUITY APPLICANTS.

~~(G)~~ (H) (1) FOR CANNABIS LICENSE AWARDS SUBSEQUENT TO THE ROUND SPECIFIED UNDER ~~PARAGRAPH (2)~~ SUBSECTION (F) OR (G) OF THIS SUBSECTION SECTION, THE ~~DIVISION~~ ADMINISTRATION SHALL AWARD LICENSES IN ACCORDANCE WITH THIS SUBSECTION.

(2) THE ADMINISTRATION SHALL AWARD LICENSES AS NEEDED IN ACCORDANCE WITH A MARKET DEMAND STUDY.

~~(2)~~ (3) THE ~~DIVISION~~ ADMINISTRATION MAY:

(I) ~~SHALL DETERMINE WHETHER AN APPLICATION MEETS THE MINIMUM QUALIFICATIONS FOR A LOTTERY BASED ON FACTORS THAT IT DEVELOPS; AND~~

~~(H) MAY LIMIT SOME OR ALL OF THE LICENSES ISSUED UNDER THIS PARAGRAPH TO SOCIAL EQUITY APPLICANTS OR MINORITY BUSINESS APPLICANTS, IF DOING SO IS NEEDED TO ENSURE DIVERSITY AND INCLUSION IN THE INDUSTRY, AS WARRANTED BY THE DISPARITY STUDY; AND~~

(II) EMPLOY REMEDIAL MEASURES, CONSISTENT WITH CONSTITUTIONAL REQUIREMENTS, IF THE ADMINISTRATION, IN CONSULTATION WITH THE CERTIFICATION AGENCY DESIGNATED BY THE BOARD OF PUBLIC WORKS UNDER § 14-303(B) OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE

GOVERNOR'S OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS, THE GENERAL ASSEMBLY, AND THE OFFICE OF THE ATTORNEY GENERAL, DETERMINES THAT A DISPARITY STUDY DEMONSTRATES A STRONG BASIS IN EVIDENCE OF BUSINESS DISCRIMINATION AGAINST FIRMS OWNED BY MINORITIES AND WOMEN IN THE MARYLAND CANNABIS MARKET.

(1) (1) TO THE EXTENT PRACTICABLE AND AUTHORIZED BY THE U.S. CONSTITUTION, A CANNABIS LICENSEE SHALL COMPLY WITH THE STATE'S MINORITY BUSINESS ENTERPRISE PROGRAM.

(2) THE ADMINISTRATION, IN CONSULTATION WITH THE CERTIFICATION AGENCY DESIGNATED BY THE BOARD OF PUBLIC WORKS UNDER § 14-303(B) OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR'S OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS, THE GENERAL ASSEMBLY, AND THE OFFICE OF THE ATTORNEY GENERAL, SHALL REVIEW THE DISPARITY STUDY REQUIRED BY CHAPTER 26 OF THE ACTS OF 2022 TO EVALUATE WHETHER APPLICATION OF THE STATE'S MINORITY BUSINESS ENTERPRISE PROGRAM TO CANNABIS LICENSES WOULD COMPLY WITH THE CITY OF RICHMOND V. J.A. CROSON CO., 488 U.S. 469, AND ANY SUBSEQUENT FEDERAL OR CONSTITUTIONAL REQUIREMENTS.

(3) ON OR BEFORE 6 MONTHS AFTER THE ISSUANCE OF A CANNABIS LICENSE UNDER § 36-401 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE, THE GOVERNOR'S OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS, IN CONSULTATION WITH THE OFFICE OF THE ATTORNEY GENERAL AND THE OFFICE OF SOCIAL EQUITY WITHIN THE ALCOHOL, TOBACCO, AND CANNABIS COMMISSION AND THE CANNABIS LICENSEE, SHALL ESTABLISH A CLEAR PLAN FOR SETTING REASONABLE AND APPROPRIATE MINORITY BUSINESS ENTERPRISE PARTICIPATION GOALS AND PROCEDURES FOR THE PROCUREMENT OF GOODS AND SERVICES RELATED TO CANNABIS, INCLUDING THE CULTIVATION, MANUFACTURING, AND DISPENSING OF CANNABIS.

(4) TO THE EXTENT PRACTICABLE, THE GOALS AND PROCEDURES SPECIFIED IN PARAGRAPH (3) OF THIS SUBSECTION SHALL BE BASED ON THE REQUIREMENTS OF TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE AND THE REGULATIONS IMPLEMENTING THAT SUBTITLE.

36-405.

(A) A LOCAL JURISDICTION POLITICAL SUBDIVISION MAY:

(1) ESTABLISH REASONABLE ZONING REQUIREMENTS FOR CANNABIS BUSINESSES; AND

(2) DECIDE HOW TO DISTRIBUTE ITS ALLOCATION OF REVENUE UNDER § 2-1302.2 OF THE TAX – GENERAL ARTICLE.

(B) ~~A LOCAL JURISDICTION~~ POLITICAL SUBDIVISION MAY NOT:

~~(1) IMPOSE A TAX ON CANNABIS;~~

~~(2)~~ (1) ESTABLISH ZONING OR OTHER REQUIREMENTS THAT UNDULY BURDEN A CANNABIS LICENSEE;

~~(3)~~ (2) IMPOSE LICENSING, OPERATING, OR OTHER FEES OR REQUIREMENTS ON A CANNABIS LICENSEE THAT ARE DISPROPORTIONATELY GREATER OR MORE BURDENSOME THAN THOSE IMPOSED ON OTHER BUSINESSES WITH A SIMILAR IMPACT ON THE AREA WHERE THE CANNABIS LICENSEE IS LOCATED;

(3) PROHIBIT TRANSPORTATION THROUGH OR DELIVERIES WITHIN THE ~~LOCAL JURISDICTION~~ POLITICAL SUBDIVISION BY CANNABIS ~~ESTABLISHMENTS~~ BUSINESSES LOCATED IN OTHER ~~JURISDICTIONS~~ POLITICAL SUBDIVISIONS;

(4) PREVENT AN ENTITY WHOSE LICENSE MAY BE CONVERTED UNDER § 36-401(B)(1)(II) OF THIS SUBTITLE AND THAT IS IN COMPLIANCE WITH ALL RELEVANT MEDICAL CANNABIS REGULATIONS FROM BEING GRANTED THE LICENSE CONVERSION; OR

(5) NEGOTIATE OR ENTER INTO AN AGREEMENT WITH A CANNABIS ~~ESTABLISHMENT OR A CANNABIS ESTABLISHMENT APPLICANT~~ LICENSEE OR AN APPLICANT FOR A CANNABIS LICENSE REQUIRING THAT THE CANNABIS ~~ESTABLISHMENT~~ LICENSEE OR APPLICANT PROVIDE MONEY, DONATIONS, IN-KIND CONTRIBUTIONS, SERVICES, OR ANYTHING OF VALUE TO THE ~~LOCAL JURISDICTION~~ POLITICAL SUBDIVISION.

(C) THE USE OF A FACILITY BY A CANNABIS LICENSEE IS NOT REQUIRED TO BE SUBMITTED TO, OR APPROVED BY, A COUNTY OR MUNICIPAL ZONING BOARD, AUTHORITY, OR UNIT IF ~~IF~~ THE FACILITY:

(1) WAS PROPERLY ZONED AND OPERATING ON OR BEFORE JANUARY 1, 2023; OR

(2) IS USED BY A GROWER, PROCESSOR, OR DISPENSARY THAT:

(I) HELD A STAGE ONE PREAPPROVAL FOR A LICENSE BEFORE OCTOBER 1, 2022; AND

(II) WAS NOT OPERATIONAL BEFORE OCTOBER 1, 2022.

(D) A POLITICAL SUBDIVISION OR SPECIAL TAXING DISTRICT MAY NOT IMPOSE A TAX ON CANNABIS.

36-406.

(A) ~~THE DIVISION ADMINISTRATION~~ MAY ISSUE INCUBATOR SPACE LICENSES AUTHORIZING ~~AN~~ A NONPROFIT ENTITY TO OPERATE A LICENSED PREMISES IN WHICH MICRO LICENSEES MAY OPERATE A CANNABIS BUSINESS.

(B) SUBJECT TO SUBSECTION ~~(C)~~ (D) OF THIS SECTION, THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION, IN CONSULTATION WITH THE ~~DIVISION ADMINISTRATION~~, SHALL ACQUIRE AND CONSTRUCT OR REFURBISH AT LEAST ONE FACILITY TO OPERATE AN INCUBATOR SPACE.

(C) AFTER THE COMPLETION OF THE CONSTRUCTION OR REFURBISHMENT OF A FACILITY ACQUIRED UNDER SUBSECTION (B) OF THIS SECTION, OWNERSHIP OF THE FACILITY SHALL BE TRANSFERRED TO THE DEPARTMENT OF GENERAL SERVICES.

~~(C) (D) THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION MAY ENTER INTO A MEMORANDUM OF UNDERSTANDING~~ DEPARTMENT OF GENERAL SERVICES SHALL CONTRACT WITH A NONPROFIT ORGANIZATION TO OPERATE A FACILITY UNDER SUBSECTION (B) OF THIS SECTION ~~IF THE DIVISION AND THE CORPORATION PROVIDE OVERSIGHT OF THE FACILITY.~~

(E) AN INCUBATOR SPACE LICENSEE MAY PURCHASE EQUIPMENT TO BE USED BY OTHER INCUBATOR SPACE LICENSEES IN THE SAME INCUBATOR SPACE.

~~(D)~~ (F) THE DIVISION ADMINISTRATION SHALL ADOPT REGULATIONS TO ESTABLISH A MARYLAND INCUBATOR PROGRAM BASED ON THE BEST PRACTICES IN OTHER STATES.

36-407.

(A) (1) A PERSON SHALL OBTAIN AN ON-SITE CONSUMPTION LICENSE FROM THE ADMINISTRATION BEFORE OPERATING A PREMISES WHERE CANNABIS MAY BE CONSUMED.

(2) THE ~~DIVISION~~ ADMINISTRATION MAY ISSUE ON-SITE CONSUMPTION LICENSES AUTHORIZING AN ENTITY TO OPERATE A LICENSED PREMISES ~~IN~~ ON WHICH CANNABIS MAY BE CONSUMED, BUT NOT SMOKED *INDOORS*, IN ACCORDANCE WITH THIS TITLE AND ANY REGULATIONS ADOPTED UNDER THIS TITLE.

~~(2)~~ (3) AN ON-SITE CONSUMPTION ESTABLISHMENT MAY OPERATE ONLY IF THE COUNTY AND, IF APPLICABLE, THE MUNICIPALITY, WHERE THE BUSINESS IS LOCATED HAVE ISSUED A PERMIT OR LICENSE THAT EXPRESSLY ALLOWS THE OPERATION OF THE ON-SITE CONSUMPTION ESTABLISHMENT.

(B) SUBJECT TO THE LIMITATIONS IN § 36-405 OF THIS SUBTITLE, A COUNTY AND, IF APPLICABLE, A MUNICIPALITY MAY:

(1) PROHIBIT THE OPERATION OF ON-SITE CONSUMPTION ESTABLISHMENTS;

(2) PROHIBIT OR RESTRICT THE *SMOKING OR* ~~SMOKING OR~~ VAPING OF CANNABIS AT ON-SITE CONSUMPTION ESTABLISHMENTS; OR

(3) ADOPT ZONING AND PLANNING REQUIREMENTS FOR ON-SITE CONSUMPTION ESTABLISHMENTS.

(C) (1) AN ON-SITE CONSUMPTION LICENSE AUTHORIZES AN ENTITY TO DISTRIBUTE CANNABIS OR CANNABIS PRODUCTS FOR ON-SITE CONSUMPTION.

(2) AN ON-SITE CONSUMPTION LICENSE DOES NOT AUTHORIZE THE HOLDER OF THE LICENSE TO:

(I) CULTIVATE CANNABIS;

(II) PROCESS CANNABIS OR CANNABIS-INFUSED PRODUCTS; OR

(III) ADD CANNABIS TO FOOD PREPARED OR SERVED ON THE PREMISES.

(D) A BUSINESS THAT HAS AVERAGE DAILY RECEIPTS FROM THE SALE OF BAKERY GOODS THAT ARE AT LEAST 50% OF THE AVERAGE DAILY RECEIPTS OF THE BUSINESS MAY APPLY FOR A LICENSE TO OPERATE AN ON-SITE CONSUMPTION ESTABLISHMENT. A FOOD SERVICE FACILITY, AS DEFINED IN § 21-301 OF THE HEALTH GENERAL ARTICLE, MAY APPLY FOR A LICENSE TO OPERATE AN ON-SITE CONSUMPTION ESTABLISHMENT.

~~(E)~~ (E) **THE ~~DIVISION~~ ADMINISTRATION SHALL:**

(1) MAINTAIN A LIST OF ALL ON-SITE CONSUMPTION ESTABLISHMENTS IN THE STATE; AND

(2) MAKE THE LIST AVAILABLE ON ITS WEBSITE.

~~(F)~~ ~~(E)~~ (F) **AN ON-SITE CONSUMPTION ESTABLISHMENT MAY NOT:**

(1) ALLOW ON-DUTY EMPLOYEES OF THE BUSINESS TO CONSUME CANNABIS ON THE LICENSED PREMISES;

(2) DISTRIBUTE OR ALLOW THE DISTRIBUTION OF FREE SAMPLES OF CANNABIS ON THE LICENSED PREMISES;

(3) ALLOW THE CONSUMPTION OF ALCOHOL ON THE LICENSED PREMISES;

(4) ALLOW THE SMOKING OR VAPING OF TOBACCO OR TOBACCO PRODUCTS ON THE LICENSED PREMISES;

(5) ALLOW AN ACTIVITY ON THE LICENSED PREMISES THAT WOULD REQUIRE AN ADDITIONAL LICENSE UNDER THIS TITLE, INCLUDING GROWING, PROCESSING, OR DISPENSING;

(6) ALLOW THE INDOOR SMOKING OF CANNABIS OR CANNABIS PRODUCTS ON THE LICENSED PREMISES;

(7) ALLOW THE USE OR CONSUMPTION OF CANNABIS BY A PATRON WHO DISPLAYS ANY VISIBLE SIGNS OF INTOXICATION; OR

~~(7)~~ (8) ADMIT ONTO THE LICENSED PREMISES AN INDIVIDUAL WHO IS UNDER THE AGE OF 21 YEARS.

~~(G)~~ ~~(F)~~ (G) **AN ON-SITE CONSUMPTION ESTABLISHMENT SHALL:**

(1) REQUIRE ALL EMPLOYEES TO SUCCESSFULLY COMPLETE AN ANNUAL RESPONSIBLE VENDOR TRAINING PROGRAM AUTHORIZED UNDER THIS TITLE; AND

(2) ENSURE THAT THE DISPLAY AND CONSUMPTION OF CANNABIS OR CANNABIS PRODUCTS ARE NOT VISIBLE FROM OUTSIDE OF THE LICENSED PREMISES.

~~(H)~~ ~~(G)~~ (H) (1) AN ON-SITE CANNABIS ESTABLISHMENT SHALL EDUCATE CONSUMERS BY PROVIDING INFORMATIONAL MATERIALS REGARDING THE SAFE CONSUMPTION OF CANNABIS.

(2) THE EDUCATIONAL MATERIALS PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION MUST BE BASED ON THE REQUIREMENTS ESTABLISHED BY THE CANNABIS PUBLIC HEALTH ADVISORY COUNCIL ESTABLISHED UNDER § 13-4502 OF THE HEALTH – GENERAL ARTICLE.

~~(I)~~ ~~(H)~~ (I) THIS SECTION DOES NOT PROHIBIT A COUNTY OR MUNICIPALITY FROM ADOPTING ADDITIONAL REQUIREMENTS FOR EDUCATION ON THE SAFE CONSUMPTION OF CANNABIS ON THE PREMISES OF A LICENSED ON-SITE CONSUMPTION ESTABLISHMENT.

~~(J)~~ ~~(H)~~ (J) A PERSON MAY HAVE AN OWNERSHIP INTEREST IN OR CONTROL OF, INCLUDING THE POWER TO MANAGE AND OPERATE, TWO ON-SITE CONSUMPTION ESTABLISHMENTS LICENSED UNDER THIS SECTION.

36-408.

(A) (1) THE ~~DIVISION~~ ADMINISTRATION SHALL REGISTER AT LEAST ONE INDEPENDENT TESTING LABORATORY TO TEST CANNABIS AND CANNABIS PRODUCTS THAT ARE TO BE SOLD IN THE STATE.

(2) THE ~~DIVISION~~ ADMINISTRATION SHALL HOLD MEDICAL AND ADULT-USE CANNABIS TESTING TO THE SAME STANDARDS.

(B) TO BE REGISTERED AS AN INDEPENDENT TESTING LABORATORY, A LABORATORY MUST:

(1) MEET THE APPLICATION REQUIREMENTS ESTABLISHED BY THE ~~DIVISION~~ ADMINISTRATION;

(2) PAY AN APPLICATION FEE DETERMINED BY THE ~~DIVISION~~ ADMINISTRATION; AND

(3) MEET THE STANDARDS AND REQUIREMENTS FOR ACCREDITATION, INSPECTION, AND TESTING ESTABLISHED BY THE ~~DIVISION~~ ADMINISTRATION.

(C) (1) AN INDEPENDENT TESTING LABORATORY LICENSE IS VALID FOR 2 YEARS ON INITIAL LICENSURE.

(2) AN INDEPENDENT TESTING LABORATORY LICENSE IS VALID FOR 2 YEARS ON RENEWAL.

(D) A REGISTERED INDEPENDENT TESTING LABORATORY IS AUTHORIZED TO TEST AND TRANSPORT CANNABIS AND CANNABIS PRODUCTS ON BEHALF OF CANNABIS LICENSEES.

(E) (1) A LABORATORY AGENT OR AN EMPLOYEE OF AN INDEPENDENT TESTING LABORATORY MAY NOT RECEIVE DIRECT OR INDIRECT FINANCIAL COMPENSATION, OTHER THAN REASONABLE CONTRACTUAL FEES TO CONDUCT TESTING, FROM ANY ENTITY FOR WHICH IT IS CONDUCTING TESTING UNDER THIS TITLE.

(2) AN INDIVIDUAL WHO POSSESSES AN INTEREST IN OR IS A LABORATORY AGENT EMPLOYED BY AN INDEPENDENT TESTING LABORATORY, OR AN IMMEDIATE FAMILY MEMBER OF THE INDIVIDUAL, MAY NOT POSSESS AN INTEREST IN OR BE EMPLOYED BY A CANNABIS LICENSEE.

(F) CANNABIS AND CANNABIS PRODUCTS MAY NOT BE SOLD OR OTHERWISE MARKETED UNDER THIS TITLE IF THE CANNABIS OR CANNABIS PRODUCT HAS NOT BEEN TESTED BY AN INDEPENDENT TESTING LABORATORY AND DETERMINED TO MEET THE ~~DIVISION'S~~ ADMINISTRATION'S TESTING PROTOCOLS.

(G) THE ~~DIVISION~~ ADMINISTRATION SHALL ADOPT REGULATIONS THAT ESTABLISH:

(1) THE STANDARDS AND REQUIREMENTS TO BE MET BY AN INDEPENDENT TESTING LABORATORY TO OBTAIN A REGISTRATION;

(2) THE STANDARDS OF CARE TO BE FOLLOWED BY AN INDEPENDENT TESTING LABORATORY; AND

(3) THE BASIS AND PROCESSES FOR DENIAL, REVOCATION, AND SUSPENSION OF A REGISTRATION OF AN INDEPENDENT TESTING LABORATORY.

(H) THE ~~DIVISION~~ ADMINISTRATION MAY INSPECT AN INDEPENDENT TESTING LABORATORY REGISTERED UNDER THIS SECTION TO ENSURE COMPLIANCE WITH THIS TITLE AND ANY REGULATIONS ADOPTED UNDER THIS TITLE.

(I) (1) ANY REGISTRATION TO OPERATE AN INDEPENDENT TESTING LABORATORY ISSUED BY THE NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION ON OR BEFORE JULY 1, 2023, SHALL BE VALID UNDER THIS TITLE AND SHALL AUTHORIZE AN INDEPENDENT TESTING LABORATORY TO PERFORM TESTING ON MEDICAL AND ADULT-USE CANNABIS AND CANNABIS PRODUCTS.

(2) ~~THE DIVISION~~ ADMINISTRATION SHALL CONVERT ALL INDEPENDENT TESTING LABORATORY REGISTRATIONS IN ACCORDANCE WITH THIS SUBSECTION.

36-409.

(A) THE FOLLOWING BUSINESSES SHALL REGISTER WITH THE ~~DIVISION~~ ADMINISTRATION IN ORDER TO PROVIDE SERVICES TO A CANNABIS LICENSEE:

- (1) A TRANSPORTER;
- (2) A SECURITY GUARD AGENCY;
- (3) A WASTE DISPOSAL COMPANY; AND

(4) ANY OTHER TYPE OF CANNABIS BUSINESS THAT IS AUTHORIZED BY THE ~~DIVISION~~ ADMINISTRATION TO PROVIDE PLANT OR PRODUCT-TOUCHING SERVICES TO CANNABIS LICENSEES.

(B) ~~THE DIVISION~~ ADMINISTRATION SHALL ADOPT REGULATIONS THAT ESTABLISH:

(1) THE STANDARDS AND REQUIREMENTS TO BE MET BY AN ENTITY TO OBTAIN A REGISTRATION UNDER THIS SUBTITLE; AND

(2) THE BASIS AND PROCESSES FOR APPROVAL, DENIAL, REVOCATION, AND SUSPENSION OF THE CANNABIS REGISTRATION.

(C) A REGISTRATION TO OPERATE A TRANSPORTER, SECURITY GUARD AGENCY, OR WASTE DISPOSAL COMPANY ISSUED BY THE ~~DIVISION~~ NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION ON OR BEFORE JULY 1, 2023, SHALL BE VALID UNDER THIS TITLE AND AUTHORIZE A TRANSPORTER, SECURITY GUARD AGENCY, OR WASTE DISPOSAL COMPANY TO HANDLE MEDICAL AND ADULT-USE CANNABIS AND CANNABIS PRODUCTS.

36-410.

(A) BEGINNING JULY 1, 2023, A CANNABIS LICENSEE THAT IS OPERATING A DISPENSARY SHALL:

(1) ENSURE THAT IT HAS ADEQUATE SUPPLY FOR QUALIFYING PATIENTS AND CAREGIVERS; ~~AND~~

(2) SET ASIDE OPERATING HOURS *OR DEDICATED SERVICE LINES* TO SERVE ONLY QUALIFYING PATIENTS AND CAREGIVERS; AND

(3) ENSURE THAT ~~SHELF SPACE~~ AT LEAST 25% OF CANNABIS AND CANNABIS PRODUCTS IN THE DISPENSARY IS AVAILABLE FOR CANNABIS AND CANNABIS PRODUCTS ARE FROM SOCIAL EQUITY LICENSEES AND GROWERS AND PROCESSORS THAT DO NOT SHARE COMMON OWNERSHIP WITH THE DISPENSARY.

(B) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A LICENSED DISPENSARY MAY NOT LOCATE WITHIN:

(1) 500 FEET OF:

(I) A PRE-EXISTING PRIMARY OR SECONDARY SCHOOL IN THE STATE, OR A LICENSED CHILD CARE CENTER OR REGISTERED FAMILY CHILD CARE HOME UNDER TITLE 9.5 OF THE EDUCATION ARTICLE; OR

(II) A PLAYGROUND, RECREATION CENTER, LIBRARY, OR PUBLIC PARK; OR

(2) 1,000 FEET OF ANOTHER DISPENSARY UNDER THIS TITLE.

(C) A POLITICAL SUBDIVISION MAY ADOPT AN ORDINANCE REDUCING THE DISTANCE REQUIREMENTS UNDER SUBSECTION (B) OF THIS SECTION.

(D) THE DISTANCE REQUIREMENTS UNDER SUBSECTION (B) OF THIS SECTION DO NOT APPLY TO A DISPENSARY LICENSE THAT WAS:

(1) CONVERTED UNDER § 36-401(B)(1)(II) OF THIS SUBTITLE; AND

(2) PROPERLY ZONED AND OPERATING BEFORE JULY 1, 2023.

SUBTITLE 5. AGENT, OWNER, AND LICENSE TRANSFER REQUIREMENTS.

36-501.

(A) ~~EACH~~ A CANNABIS AGENT SHALL BE REGISTERED WITH THE ~~DIVISION~~ ADMINISTRATION BEFORE THE AGENT MAY VOLUNTEER OR WORK FOR A CANNABIS LICENSEE OR CANNABIS REGISTRANT.

(B) A CANNABIS AGENT REGISTRATION IS VALID FOR 2 YEARS.

(C) ~~TO BE ELIGIBLE TO~~ REGISTER AS A CANNABIS AGENT WITH THE ~~DIVISION~~ ADMINISTRATION, A CANNABIS AGENT AN INDIVIDUAL MUST:

(1) BE AT LEAST 21 YEARS OLD; AND

(2) IF THE RECORDS ARE LEGALLY ACCESSIBLE, OBTAIN A STATE AND NATIONAL CRIMINAL HISTORY RECORDS CHECK IN ACCORDANCE WITH § 36-505 OF THIS SUBTITLE.

(D) ~~THE DIVISION~~ ADMINISTRATION MAY NOT REGISTER AS A CANNABIS AGENT AN INDIVIDUAL WHO:

(1) DOES NOT MEET THE CRITERIA ESTABLISHED UNDER SUBSECTION (C) OF THIS SECTION; OR

(2) HAS BEEN CONVICTED OF OR PLEADED NOLO CONTENDERE TO A CRIME INVOLVING MORAL TURPITUDE, WHETHER OR NOT ANY APPEAL OR OTHER PROCEEDING IS PENDING TO HAVE THE CONVICTION OR PLEA SET ASIDE.

(E) ~~THE DIVISION~~ ADMINISTRATION MAY NOT DENY A CANNABIS AGENT REGISTRATION BASED ON ANY CANNABIS-RELATED OFFENSES OCCURRING BEFORE ~~JANUARY~~ JULY 1, 2023.

(F) A CANNABIS LICENSEE SHALL REQUIRE EACH REGISTERED CANNABIS AGENT TO COMPLETE AN ANNUAL RESPONSIBLE VENDOR TRAINING PROGRAM AUTHORIZED UNDER THIS TITLE.

(G) A REGISTRATION OF A CANNABIS AGENT ISSUED BY THE NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION ON OR BEFORE JULY 1, 2023, SHALL:

(1) BE VALID UNDER THIS TITLE; AND

(2) AUTHORIZE THE CANNABIS AGENT TO BE EMPLOYED BY OR VOLUNTEER WITH A LICENSED CANNABIS BUSINESS.

36-502.

(A) ~~AN INDIVIDUAL~~ A PERSON WISHING TO HOLD AN OWNERSHIP INTEREST OF 5% OR GREATER IN, OR CONTROL OF, A CANNABIS LICENSEE SHALL SUBMIT TO THE ~~DIVISION~~ ADMINISTRATION:

(1) AN APPLICATION THAT INCLUDES THE NAME, ADDRESS, AND DATE OF BIRTH OF THE APPLICANT;

(2) A STATEMENT SIGNED BY THE APPLICANT ASSERTING THAT THE APPLICANT HAS NOT PREVIOUSLY HAD A CANNABIS LICENSE OR CANNABIS REGISTRATION SUSPENDED OR REVOKED;

(3) A STATE AND NATIONAL CRIMINAL HISTORY RECORDS CHECK IN ACCORDANCE WITH § 36-505 OF THIS SUBTITLE;

(4) ANY INFORMATION REQUIRED BY THE ~~DIVISION~~ ADMINISTRATION TO COMPLETE AN INVESTIGATION INTO THE BACKGROUND OF THE APPLICANT, INCLUDING FINANCIAL RECORDS AND OTHER INFORMATION RELATING TO THE BUSINESS AFFAIRS OF THE APPLICANT; AND

(5) AN APPLICATION FEE IN AN AMOUNT TO BE DETERMINED BY THE ~~DIVISION~~ ADMINISTRATION IN ACCORDANCE WITH THIS SUBTITLE.

(B) THE ~~DIVISION~~ ADMINISTRATION MAY DENY AN APPLICATION IF:

(1) THE APPLICANT:

(I) FAILS TO SUBMIT THE INFORMATION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION; OR

(II) HAS BEEN CONVICTED OF OR PLEADED NOLO CONTENDERE TO A CRIME INVOLVING MORAL TURPITUDE, WHETHER OR NOT ANY APPEAL OR OTHER PROCEEDING IS PENDING TO HAVE THE CONVICTION OR PLEA SET ASIDE; OR

(2) THE ~~DIVISION~~ ADMINISTRATION FINDS A SUBSTANTIAL REASON TO DENY THE REGISTRATION.

36-503.

(A) A CANNABIS LICENSE GRANTED UNDER THIS TITLE IS NOT TRANSFERABLE EXCEPT AS PROVIDED IN THIS SECTION.

(B) TO TRANSFER OWNERSHIP OR CONTROL OF A LICENSE ISSUED UNDER THIS TITLE, A LICENSEE:

(1) SHALL SUBMIT TO THE ~~DIVISION~~ ADMINISTRATION:

(I) AN APPLICATION FEE IN AN AMOUNT TO BE DETERMINED BY THE ~~DIVISION~~ ADMINISTRATION IN ACCORDANCE WITH THIS SUBTITLE; AND

(II) AN APPLICATION DEVELOPED BY THE ~~DIVISION~~ ADMINISTRATION; AND

(2) MUST MEET THE REQUIREMENTS FOR TRANSFER OF OWNERSHIP OR CONTROL ESTABLISHED BY THE ~~DIVISION~~ ADMINISTRATION UNDER THIS TITLE.

(c) (1) A CANNABIS LICENSEE, INCLUDING A CANNABIS LICENSEE WHOSE LICENSE WAS CONVERTED IN ACCORDANCE WITH § 36-401 OF THIS TITLE, MAY NOT TRANSFER OWNERSHIP OR CONTROL OF THE LICENSE FOR A PERIOD OF AT LEAST 5 YEARS FOLLOWING LICENSURE.

(2) THE 5-YEAR PERIOD SPECIFIED IN PARAGRAPH (1) OF THIS SUBSECTION DOES NOT INCLUDE THE TIME PERIOD THAT A BUSINESS IS CONSIDERED BY THE ~~DIVISION~~ ADMINISTRATION TO BE IN A PREAPPROVED LICENSURE STATUS.

(3) THE LIMITATIONS UNDER THIS SUBSECTION DO NOT APPLY TO TRANSFERS AS A RESULT OF THE DISABILITY, INCAPACITY, OR DEATH OF THE OWNER OF A CANNABIS LICENSE, ~~THE BANKRUPTCY OR RECEIVERSHIP IN ACCORDANCE WITH A LENDING AGREEMENT~~ OF A CANNABIS LICENSEE, OR COURT ORDER.

(4) THE LIMITATIONS UNDER THIS SUBSECTION DO NOT APPLY TO A TRANSFER OF OWNERSHIP THAT IS THE SUBJECT OF A LEGALLY BINDING SETTLEMENT AGREEMENT RESULTING FROM LITIGATION COMMENCED ON OR BEFORE JANUARY 1, 2023.

36-504.

(A) (1) IN THIS SECTION, “OWNER” INCLUDES ANY TYPE OF OWNER OR BENEFICIARY OF A BUSINESS ENTITY, INCLUDING A PRINCIPAL OFFICER, A DIRECTOR, A PRINCIPAL EMPLOYEE, A PARTNER, AN INVESTOR, ~~A STOCKHOLDER,~~ OR A BENEFICIAL OWNER OF THE BUSINESS ENTITY AND, NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, A PERSON HAVING ANY OWNERSHIP INTEREST REGARDLESS OF THE PERCENTAGE OF OWNERSHIP INTEREST.

(2) “OWNER” DOES NOT INCLUDE A STOCKHOLDER.

(B) THE PROVISIONS IN THIS SECTION ARE IN ADDITION TO THE CONFLICT OF INTEREST PROVISIONS IN TITLE 5 OF THE GENERAL PROVISIONS ARTICLE.

~~(B)~~ (C) EXCEPT AS PROVIDED IN SUBSECTION ~~(C)~~ (D) OF THIS SECTION, A CONSTITUTIONAL OFFICER OR A SECRETARY OF A PRINCIPAL DEPARTMENT OF THE EXECUTIVE BRANCH OF THE STATE GOVERNMENT MAY NOT:

(1) BE AN OWNER OR AN EMPLOYEE OF A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE; OR

(2) HAVE AN OFFICIAL RELATIONSHIP WITH A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE.

~~(C)~~ (D) A SUBJECT TO THE PROVISIONS OF TITLE 5 OF THE GENERAL PROVISIONS ARTICLE, A CONSTITUTIONAL OFFICER OR A SECRETARY OF A PRINCIPAL DEPARTMENT OF THE EXECUTIVE BRANCH OF THE STATE GOVERNMENT MAY REMAIN AN OWNER OR AN EMPLOYEE OF A BUSINESS ENTITY THAT HOLDS A LICENSE UNDER THIS TITLE IF THE CONSTITUTIONAL OFFICER OR SECRETARY WAS AN OWNER OR EMPLOYEE OF THE BUSINESS ENTITY BEFORE THE CONSTITUTIONAL OFFICER'S ELECTION OR APPOINTMENT OR THE SECRETARY'S APPOINTMENT.

~~(D)~~ (E) A MEMBER OF THE GENERAL ASSEMBLY MAY NOT:

(1) BE AN OWNER OR AN EMPLOYEE OF A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE; OR

(2) HAVE AN OFFICIAL RELATIONSHIP WITH A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE.

~~(E)~~ (F) A FORMER MEMBER OF THE GENERAL ASSEMBLY, FOR THE 1-YEAR PERIOD IMMEDIATELY AFTER THE MEMBER LEAVES OFFICE, MAY NOT:

(1) BE AN OWNER OR AN EMPLOYEE OF A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE; OR

(2) HAVE AN OFFICIAL RELATIONSHIP WITH A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE.

~~(F)~~ (G) AN EMPLOYEE OF THE ~~DIVISION~~ ADMINISTRATION MAY NOT:

(1) HAVE A DIRECT OR INDIRECT FINANCIAL, OWNERSHIP, OR MANAGEMENT INTEREST, INCLUDING OWNERSHIP OF ANY STOCKS, BONDS, OR OTHER SIMILAR FINANCIAL INSTRUMENTS, IN ANY CANNABIS LICENSEE;

(2) HAVE AN OFFICIAL RELATIONSHIP WITH A PERSON WHO HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE;

(3) BE AN ELECTED OFFICIAL OF STATE OR LOCAL GOVERNMENT;

(4) RECEIVE OR SHARE IN, DIRECTLY OR INDIRECTLY, THE RECEIPTS OR PROCEEDS OF A CANNABIS LICENSEE; OR

(5) HAVE A BENEFICIAL INTEREST IN A CONTRACT FOR THE MANUFACTURE OR SALE OF CANNABIS OR THE PROVISION OF INDEPENDENT CONSULTING SERVICES IN CONNECTION WITH A CANNABIS LICENSE.

36-505.

(A) IN THIS SECTION, “CENTRAL REPOSITORY” MEANS THE CRIMINAL JUSTICE INFORMATION SYSTEM CENTRAL REPOSITORY IN THE DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES.

(B) AS PART OF AN APPLICATION TO THE CENTRAL REPOSITORY FOR A STATE AND NATIONAL CRIMINAL HISTORY RECORDS CHECK, AN APPLICANT SHALL SUBMIT TO THE CENTRAL REPOSITORY:

(1) TWO COMPLETE SETS OF LEGIBLE FINGERPRINTS TAKEN ON FORMS APPROVED BY THE DIRECTOR OF THE CENTRAL REPOSITORY AND THE DIRECTOR OF THE FEDERAL BUREAU OF INVESTIGATION;

(2) THE FEE AUTHORIZED UNDER § 10-221(B)(7) OF THE CRIMINAL PROCEDURE ARTICLE FOR ACCESS TO STATE CRIMINAL HISTORY RECORDS; AND

(3) THE PROCESSING FEE REQUIRED BY THE FEDERAL BUREAU OF INVESTIGATION FOR A NATIONAL CRIMINAL HISTORY RECORDS CHECK.

(C) IN ACCORDANCE WITH §§ 10-201 THROUGH 10-228 OF THE CRIMINAL PROCEDURE ARTICLE, THE CENTRAL REPOSITORY SHALL FORWARD TO THE ~~DIVISION~~ ADMINISTRATION AND TO THE APPLICANT THE APPLICANT’S CRIMINAL HISTORY RECORD INFORMATION.

(D) IF AN APPLICANT HAS MADE TWO OR MORE UNSUCCESSFUL ATTEMPTS AT SECURING LEGIBLE FINGERPRINTS, THE ~~DIVISION~~ ADMINISTRATION MAY ACCEPT AN ALTERNATE METHOD OF A CRIMINAL HISTORY RECORDS CHECK AS PERMITTED BY THE DIRECTOR OF THE CENTRAL REPOSITORY AND THE DIRECTOR OF THE FEDERAL BUREAU OF INVESTIGATION.

(E) INFORMATION OBTAINED FROM THE CENTRAL REPOSITORY UNDER THIS SECTION SHALL BE:

(1) CONFIDENTIAL AND MAY NOT BE REDISSEMINATED; AND

(2) USED ONLY FOR THE PURPOSE OF REGISTRATION UNDER THIS TITLE.

(F) THE SUBJECT OF A CRIMINAL HISTORY RECORDS CHECK UNDER THIS SECTION MAY CONTEST THE CRIMINAL HISTORY RECORD INFORMATION DISSEMINATED BY THE CENTRAL REPOSITORY, AS PROVIDED IN § 10-223 OF THE CRIMINAL PROCEDURE ARTICLE.

SUBTITLE 6. MEDICAL CANNABIS COMPASSIONATE USE FUND AND PROGRAM.

36-601.

(A) IN THIS SECTION, "FUND" MEANS THE MEDICAL CANNABIS COMPASSIONATE USE FUND.

(B) THERE IS A MEDICAL CANNABIS COMPASSIONATE USE FUND.

~~(B)~~ (C) (1) THE DIVISION ADMINISTRATION SHALL:

(I) ADMINISTER THE ~~COMPASSIONATE USE FUND~~; AND

(II) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, ESTABLISH FEES IN AN AMOUNT NECESSARY TO PROVIDE REVENUES FOR THE PURPOSES OF THE ~~COMPASSIONATE USE FUND~~.

(2) THE ~~DIVISION ADMINISTRATION~~ MAY NOT IMPOSE THE FEES ESTABLISHED UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION ON A LICENSED MEDICAL CANNABIS GROWER, PROCESSOR, OR DISPENSARY ~~DURING THE 2-YEAR PERIOD IMMEDIATELY FOLLOWING THE ISSUANCE OF A LICENSE~~ BEFORE THE GROWER, PROCESSOR, OR DISPENSARY IS AN OPERATIONAL CANNABIS LICENSEE UNDER THIS TITLE.

~~(C)~~ (D) THE PURPOSE OF THE ~~COMPASSIONATE USE FUND~~ IS TO PROVIDE ACCESS TO CANNABIS FOR INDIVIDUALS ENROLLED IN THE MARYLAND MEDICAL ASSISTANCE PROGRAM OR IN THE VETERANS AFFAIRS MARYLAND HEALTH CARE SYSTEM, INCLUDING ACCESS TO, AT A REDUCED COST:

(1) AN ASSESSMENT OF THE PATIENT'S MEDICAL HISTORY AND CURRENT MEDICAL CONDITION; AND

(2) MEDICAL CANNABIS FROM A LICENSED DISPENSARY.

~~(D)~~ (E) (1) THE ~~COMPASSIONATE USE FUND~~ IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE ~~COMPASSIONATE USE~~ FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE ~~COMPASSIONATE USE~~ FUND.

~~(3) THE COMPASSIONATE USE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME MANNER AS OTHER STATE FUNDS, AND ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE CREDIT OF THE COMPASSIONATE USE FUND.~~

(F) THE FUND CONSISTS OF:

(1) FEES ESTABLISHED UNDER SUBSECTION (C)(1)(II) OF THIS SECTION;

(2) FINES ASSESSED BY THE ADMINISTRATION UNDER THIS TITLE;

(3) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

(4) INTEREST EARNINGS; AND

(5) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

~~(4)~~ (H) THE ~~COMPASSIONATE USE~~ FUND SHALL BE SUBJECT TO AN AUDIT BY THE OFFICE OF LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2-1220 OF THE STATE GOVERNMENT ARTICLE.

~~(5)~~ (I) THE COMPTROLLER SHALL PAY OUT MONEY FROM THE ~~COMPASSIONATE USE~~ FUND AS DIRECTED BY THE ~~DIVISION~~ ADMINISTRATION.

~~(E)~~ (J) NO PART OF THE ~~COMPASSIONATE USE~~ FUND MAY REVERT OR BE CREDITED TO:

(1) THE GENERAL FUND OF THE STATE; OR

(2) ANY OTHER SPECIAL FUND OF THE STATE.

~~(F)~~ **(K)** EXPENDITURES FROM THE ~~COMPASSIONATE USE~~ FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

~~(G)~~ **(L)** THE ~~DIVISION~~ ADMINISTRATION SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

SUBTITLE 7. CANNABIS RESEARCH AND DEVELOPMENT.

36-701.

(A) (1) AN INSTITUTION OF HIGHER EDUCATION, A RELATED MEDICAL FACILITY, OR AN AFFILIATED BIOMEDICAL RESEARCH FIRM MAY REGISTER WITH THE ~~DIVISION~~ ADMINISTRATION TO PURCHASE CANNABIS FOR THE PURPOSE OF CONDUCTING A BONA FIDE RESEARCH PROJECT RELATING TO THE USES, PROPERTIES, OR COMPOSITION OF CANNABIS.

(2) A REGISTRATION FILED UNDER PARAGRAPH **(1)** OF THIS SUBSECTION SHALL INCLUDE:

(I) THE NAME OF THE PRIMARY RESEARCHER;

(II) THE EXPECTED DURATION OF THE RESEARCH PROJECT;

AND

(III) THE PRIMARY OBJECTIVES OF THE RESEARCH PROJECT.

(3) A REGISTRATION FILED UNDER PARAGRAPH **(1)** OF THIS SUBSECTION SHALL REMAIN VALID UNTIL THERE IS A CHANGE IN THE RESEARCH PROJECT OR A WITHDRAWAL OF THE REGISTRATION.

(B) AN ACADEMIC RESEARCH REPRESENTATIVE MAY PURCHASE CANNABIS FROM A LICENSED DISPENSARY OR A SUPPLIER OF CANNABIS THAT IS LICENSED BY ANY FEDERAL AGENCY TO SUPPLY CANNABIS TO RESEARCHERS.

(C) AN ACADEMIC RESEARCH REPRESENTATIVE MAY NOT BE PENALIZED OR ARRESTED UNDER STATE LAW FOR ACQUIRING, POSSESSING, OR DISPENSING CANNABIS, PRODUCTS CONTAINING CANNABIS, RELATED SUPPLIES, OR EDUCATIONAL MATERIALS FOR USE IN A BONA FIDE RESEARCH PROJECT RELATING TO THE USES, PROPERTIES, OR COMPOSITION OF CANNABIS.

(D) THE ~~DIVISION~~ ADMINISTRATION MAY ADOPT REGULATIONS TO IMPLEMENT THIS SECTION.

36-702.

(A) ~~THE DIVISION~~ ADMINISTRATION MAY REGISTER AN ENTITY TO GROW, PROCESS, TEST, AND TRANSFER CANNABIS FOR THE PURPOSES OF RESEARCH AND DEVELOPMENT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION.

(B) A REGISTRATION ISSUED UNDER SUBSECTION (A) OF THIS SECTION AUTHORIZES THE REGISTRANT ONLY TO:

(1) TEST CHEMICAL POTENCY AND COMPOSITION LEVELS;

(2) CONDUCT CLINICAL INVESTIGATIONS OF CANNABIS-DERIVED MEDICINAL PRODUCTS;

(3) CONDUCT RESEARCH ON THE EFFICACY AND SAFETY OF ADMINISTERING CANNABIS AS PART OF MEDICAL TREATMENT;

(4) CONDUCT GENOMIC, HORTICULTURAL, OR AGRICULTURAL RESEARCH; AND

(5) CONDUCT RESEARCH ON CANNABIS-AFFILIATED PRODUCTS OR SYSTEMS.

(C) TO OBTAIN A RESEARCH AND DEVELOPMENT REGISTRATION, AN APPLICANT SHALL SUBMIT TO THE ~~DIVISION~~ ADMINISTRATION:

(1) AN APPLICATION FEE IN AN AMOUNT TO BE DETERMINED BY THE ~~DIVISION~~ ADMINISTRATION; AND

(2) AN APPLICATION DEVELOPED BY THE ~~DIVISION~~ ADMINISTRATION.

(D) AN APPLICANT FOR A RESEARCH AND DEVELOPMENT REGISTRATION MUST MEET THE REGISTRATION STANDARDS AND REQUIREMENTS ESTABLISHED BY THE ~~DIVISION~~ ADMINISTRATION.

(E) (1) A RESEARCH AND DEVELOPMENT REGISTRATION IS VALID FOR AN INITIAL TERM OF 2 YEARS.

(2) A RESEARCH AND DEVELOPMENT REGISTRATION IS VALID FOR 2 YEARS ON RENEWAL.

(F) A RESEARCH AND DEVELOPMENT REGISTRANT MAY TRANSFER, BY SALE OR DONATION, CANNABIS GROWN WITHIN ITS OPERATION ONLY TO OTHER RESEARCH AND DEVELOPMENT REGISTRANTS.

(G) A RESEARCH AND DEVELOPMENT REGISTRANT MAY CONTRACT TO PERFORM RESEARCH IN CONJUNCTION WITH A PUBLIC HIGHER EDUCATION RESEARCH INSTITUTION OR ANOTHER RESEARCH AND DEVELOPMENT REGISTRANT.

SUBTITLE 8. REPORTS.

36-801.

(A) ~~ON OR BEFORE JUNE 30 EACH YEAR, EACH ENTITY LICENSED OR REGISTERED UNDER THIS TITLE SHALL REPORT TO THE DIVISION ON AUGUST 1 EACH YEAR, EACH CANNABIS LICENSEE AND CANNABIS REGISTRANT SHALL REPORT TO THE ADMINISTRATION INFORMATION DETERMINED BY THE ADMINISTRATION TO BE NECESSARY TO CONTINUE TO ASSESS THE NEED FOR REMEDIAL MEASURES IN THE CANNABIS INDUSTRY AND MARKET, INCLUDING:~~

(1) THE NUMBER OF MINORITY AND WOMEN OWNERS OF THE CANNABIS LICENSEE OR CANNABIS REGISTRANT;

(2) THE OWNERSHIP INTEREST OF ANY MINORITY AND WOMEN OWNERS OF THE CANNABIS LICENSEE OR CANNABIS REGISTRANT; ~~AND~~

(3) THE NUMBER OF MINORITY AND WOMEN EMPLOYEES OF THE CANNABIS LICENSEE OR CANNABIS REGISTRANT;

(4) A LIST OF THE CANNABIS LICENSEE'S OR CANNABIS REGISTRANT'S EXPENDITURES FOR THE PRIOR STATE FISCAL YEAR; AND

(5) FOR EACH EXPENDITURE:

(I) A DESCRIPTION OF THE WORK PERFORMED;

(II) THE DOLLAR VALUE OF THE EXPENDITURE;

(III) WHETHER THE WORK WAS PERFORMED BY THE CANNABIS LICENSEE OR CANNABIS REGISTRANT OR A CONTRACTOR OR SUBCONTRACTOR; AND

(IV) IF THE WORK WAS PERFORMED BY A CONTRACTOR OR SUBCONTRACTOR, THE NAME OF THE ENTITY THAT PERFORMED THE WORK.

(B) ALL DATA PROVIDED BY A CANNABIS LICENSEE OR CANNABIS REGISTRANT UNDER SUBSECTION (A)(4) AND (5) OF THIS SECTION:

(1) SHALL CONSTITUTE CONFIDENTIAL COMMERCIAL AND FINANCIAL INFORMATION AND BE TREATED AS CONFIDENTIAL BY THE ADMINISTRATION AND THE STATE; AND

(2) MAY BE USED ONLY FOR THE PURPOSES AUTHORIZED UNDER THIS SECTION AND MAY ONLY BE DISCLOSED TO THE PUBLIC IN AN ANONYMIZED OR AGGREGATED FORMAT.

(C) ON OR BEFORE AUGUST 15 EACH YEAR, THE ADMINISTRATION SHALL PROVIDE THE DATA COLLECTED UNDER SUBSECTION (A) OF THIS SECTION TO THE CERTIFICATION AGENCY DESIGNATED BY THE BOARD OF PUBLIC WORKS UNDER § 14-303(B) OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

~~(B)~~ (D) ON OR BEFORE JANUARY 1 EACH YEAR, THE DIVISION ADMINISTRATION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE INFORMATION REPORTED UNDER SUBSECTION ~~(A)~~ (A)(1) THROUGH (3) OF THIS SECTION.

36-802.

ON OR BEFORE JANUARY 1 EACH ~~ODD-NUMBERED~~ YEAR, THE ~~DIVISION~~ ADMINISTRATION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON:

(1) THE AMOUNT OF CANNABIS CULTIVATED, PROCESSED, AND DISPENSED BY STANDARD AND MICRO LICENSEES; AND

(2) WHETHER THE SUPPLY OF CANNABIS IS ADEQUATE TO MEET THE DEMAND FOR CANNABIS AND CANNABIS PRODUCTS.

36-803.

THE ~~DIVISION~~ ADMINISTRATION SHALL PUBLISH THE FOLLOWING DATA, ORGANIZED BY MONTH, ON A ROLLING BASIS AND ON A PUBLICLY ACCESSIBLE PART OF THE ~~COMMISSION'S~~ ADMINISTRATION'S WEBSITE:

(1) THE NUMBER OF PATIENTS, CAREGIVERS, AND PROVIDERS CERTIFIED UNDER THIS TITLE;

(2) THE WHOLESALE AND RETAIL SALES OF MEDICAL AND ADULT-USE CANNABIS, MEASURED BY REVENUE AND VOLUME; AND

(3) THE MEDIAN CONSUMER PRICE FOR CANNABIS AND CANNABIS PRODUCTS.

SUBTITLE 9. ADVERTISING.

36-901.

(A) IN THIS SUBTITLE, "ADVERTISEMENT" MEANS THE PUBLICATION, DISSEMINATION, OR CIRCULATION OF ANY AUDITORY, VISUAL, DIGITAL, ORAL, OR WRITTEN MATTER, INCLUDING LABELING, PACKAGING, AND BRANDING, WHICH IS DIRECTLY OR INDIRECTLY CALCULATED TO INDUCE THE SALE OF CANNABIS OR ANY CANNABIS-RELATED PRODUCT OR SERVICE.

(B) "ADVERTISEMENT" DOES NOT INCLUDE PACKAGING OR LABELING.

36-902.

~~(A) ADVERTISEMENTS~~ AN ADVERTISEMENT FOR MEDICAL CANNABIS AND MEDICAL CANNABIS PRODUCTS OR MEDICAL CANNABIS-RELATED SERVICES THAT MAKE THERAPEUTIC OR MEDICAL CLAIMS SHALL:

(1) BE SUPPORTED BY SUBSTANTIAL CLINICAL EVIDENCE OR SUBSTANTIAL CLINICAL DATA COMPETENT AND RELIABLE SCIENTIFIC EVIDENCE; AND

(2) INCLUDE INFORMATION ON THE MOST SIGNIFICANT SERIOUS AND MOST COMMON SIDE EFFECTS OR RISKS ASSOCIATED WITH THE USE OF CANNABIS.

~~(B) ADVERTISEMENTS AN ADVERTISEMENT FOR MEDICAL CANNABIS OR MEDICAL CANNABIS PRODUCTS SHALL INCLUDE A STATEMENT THAT THE PRODUCT IS FOR USE ONLY BY A QUALIFYING PATIENT.~~

~~(C) ADVERTISEMENTS FOR A CANNABIS PRODUCT, CANNABIS RELATED PRODUCTS, OR SERVICES MAY NOT INCLUDE HEALTH, THERAPEUTIC, OR MEDICINAL CLAIMS.~~

~~36-902.~~ 36-903.

(A) (1) THIS SUBSECTION DOES NOT APPLY TO AN ADVERTISEMENT PLACED ON PROPERTY OWNED OR LEASED BY A DISPENSARY, GROWER, OR PROCESSOR.

(2) AN ADVERTISEMENT FOR A CANNABIS LICENSEE, CANNABIS PRODUCT, OR CANNABIS-RELATED SERVICE MAY NOT:

~~(1)~~ (I) ~~MAKE A STATEMENT THAT IS FALSE OR MISLEADING IN A MATERIAL WAY OR IS OTHERWISE A VIOLATION OF~~ VIOLATE TITLE 13, SUBTITLE 3 OF THE COMMERCIAL LAW ARTICLE;

~~(2)~~ (II) ~~DIRECTLY OR INDIRECTLY TARGET INDIVIDUALS UNDER THE AGE OF 21 YEARS OR TAKE ANY ACTION TO INITIATE, MAINTAIN, OR INCREASE THE INCIDENCE OF CANNABIS USE BY INDIVIDUALS UNDER THE AGE OF 21 YEARS;~~

(III) CONTAIN A DESIGN, AN ILLUSTRATION, A PICTURE, OR A REPRESENTATION THAT:

~~(I)~~ 1. TARGETS OR IS ATTRACTIVE TO MINORS, INCLUDING A CARTOON CHARACTER, A MASCOT, OR ANY OTHER DEPICTION THAT IS COMMONLY USED TO MARKET PRODUCTS TO MINORS;

~~(II)~~ 2. DISPLAYS THE USE OF CANNABIS, INCLUDING THE CONSUMPTION, SMOKING, OR VAPING OF CANNABIS;

~~(III)~~ 3. ENCOURAGES OR PROMOTES CANNABIS FOR USE AS AN INTOXICANT; OR

~~(IV)~~ 4. IS OBSCENE;

~~(3)~~ (IV) ENGAGE IN ADVERTISING BY MEANS OF TELEVISION, RADIO, INTERNET, MOBILE APPLICATION, SOCIAL MEDIA, OR OTHER ELECTRONIC COMMUNICATION, OR PRINT PUBLICATION, UNLESS AT LEAST 85% OF THE AUDIENCE IS REASONABLY EXPECTED TO BE AT LEAST 21 YEARS OLD AS DETERMINED BY RELIABLE AND CURRENT AUDIENCE COMPOSITION DATA; OR

~~(4)~~ (V) ENGAGE IN ADVERTISING BY MEANS OF PLACING AN ADVERTISEMENT ON THE SIDE OF A BUILDING OR ANOTHER PUBLICLY VISIBLE LOCATION OF ANY FORM, INCLUDING A SIGN, A POSTER, A PLACARD, A DEVICE, A GRAPHIC DISPLAY, AN OUTDOOR BILLBOARD, OR A FREESTANDING SIGNBOARD.

(B) (1) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, EACH CANNABIS-RELATED WEBSITE OWNED, MANAGED, OR OPERATED BY A CANNABIS LICENSEE SHALL EMPLOY A NEUTRAL AGE-SCREENING MECHANISM THAT VERIFIES THAT THE USER IS AT LEAST 21 YEARS OLD, INCLUDING BY USING AN AGE-GATE, AGE-SCREEN, OR AGE VERIFICATION MECHANISM BEFORE THE USER MAY ACCESS OR VIEW ANY CONTENT AND BEFORE THE WEBSITE MAY COLLECT THE USER'S ADDRESS, E-MAIL ADDRESS, PHONE NUMBER, OR CONTACT INFORMATION TO DISSEMINATE ADVERTISEMENTS.

(II) IF A WEBSITE IS APPROPRIATE FOR A QUALIFYING PATIENT WHO IS UNDER THE AGE OF 21 YEARS, THE WEBSITE SHALL PROVIDE AN ALTERNATIVE SCREENING MECHANISM FOR THE QUALIFYING PATIENT.

(2) AN ADVERTISEMENT PLACED ON SOCIAL MEDIA OR A MOBILE APPLICATION SHALL INCLUDE A NOTIFICATION THAT AN INDIVIDUAL MUST BE AT LEAST 21 YEARS OLD TO VIEW THE CONTENT.

(3) THE PROVISIONS OF THIS SUBTITLE APPLICABLE TO CANNABIS LICENSEES MAY NOT BE AVOIDED BY HIRING OR CONTRACTING WITH A THIRD-PARTY, OR OUTSOURCING ADVERTISEMENTS THAT DO NOT COMPLY WITH THIS SUBTITLE.

(4) A CANNABIS LICENSEE MAY NOT ~~PERMIT~~ ALLOW THE USE OF THE LICENSEE'S TRADEMARKS, BRANDS, NAMES, LOCATIONS, OR OTHER DISTINGUISHING CHARACTERISTICS FOR THIRD-PARTY USE FOR ADVERTISEMENTS THAT ~~DOES~~ DO NOT COMPLY WITH THIS SUBTITLE.

(C) ~~THE DIVISION ADMINISTRATION AND THE OFFICE OF THE ATTORNEY GENERAL'S CONSUMER PROTECTION DIVISION~~ SHALL ADOPT REGULATIONS TO ESTABLISH:

~~(1) PROCEDURES FOR THE ENFORCEMENT OF THIS SECTION; AND~~

~~(2) A PROCESS FOR AN INDIVIDUAL TO VOLUNTARILY SUBMIT AN ADVERTISEMENT TO THE DIVISION FOR AN ADVISORY OPINION ON WHETHER THE ADVERTISEMENT COMPLIES WITH THE RESTRICTIONS ON ADVERTISEMENTS FOR CANNABIS, CANNABIS PRODUCTS, EDIBLE CANNABIS PRODUCTS, AND CANNABIS-RELATED SERVICES.~~

SUBTITLE 10. RESPONSIBLE VENDOR TRAINING PROGRAM.

36-1001.

(A) ~~IF A PERSON WOULD LIKE TO~~ TO OFFER A RESPONSIBLE MEDICAL OR ADULT-USE CANNABIS VENDOR, SERVER, AND SELLER TRAINING PROGRAM, ~~THE~~ A PERSON ~~MUST~~ SHALL SUBMIT AN APPLICATION TO THE ~~DIVISION~~ ADMINISTRATION.

(B) ~~THE DIVISION ADMINISTRATION~~ SHALL APPROVE THE APPLICATION IF THE PROPOSED TRAINING PROGRAM MEETS THE MINIMUM EDUCATIONAL STANDARDS ESTABLISHED UNDER SUBSECTION (C) OF THIS SECTION.

(C) AT A MINIMUM, A TRAINING PROGRAM MUST:

(1) BE TAUGHT IN A CLASSROOM OR VIRTUAL SETTING FOR AT LEAST A 2-HOUR PERIOD;

(2) ESTABLISH PROGRAM STANDARDS, INCLUDING CERTIFICATION AND RECERTIFICATION REQUIREMENTS, RECORD KEEPING, TESTING AND ASSESSMENT PROTOCOLS, AND EFFECTIVENESS EVALUATIONS; AND

(3) PROVIDE A CORE CURRICULUM OF RELEVANT STATUTORY AND REGULATORY PROVISIONS, WHICH SHALL INCLUDE:

(I) INFORMATION ON REQUIRED LICENSES, AGE REQUIREMENTS, PATIENT REGISTRY CARDS ISSUED BY THE ~~DIVISION~~ ADMINISTRATION, MAINTENANCE OF RECORDS, PRIVACY ISSUES, AND UNLAWFUL ACTS;

(II) ADMINISTRATIVE AND CRIMINAL LIABILITY AND LICENSE AND COURT SANCTIONS;

(III) STATUTORY AND REGULATORY REQUIREMENTS FOR EMPLOYEES AND OWNERS;

(IV) STATUTORY AND REGULATORY REQUIREMENTS RELATED TO CANNABIS SALE, TRANSFER, AND DELIVERY;

(V) ACCEPTABLE FORMS OF IDENTIFICATION, INCLUDING PATIENT AND CAREGIVER IDENTIFICATION CARDS;

(VI) STATE AND LOCAL LICENSING AND ENFORCEMENT; AND

(VII) INFORMATION ON SERVING SIZE, THC AND CANNABINOID POTENCY, AND IMPAIRMENT.

36-1002.

THE ~~DIVISION~~ ADMINISTRATION SHALL ADOPT REGULATIONS ESTABLISHING THE RESPONSIBLE VENDOR TRAINING PROGRAM AND THE MINIMUM STANDARDS FOR THE PROGRAM.

36-1003.

A PROVIDER OF AN APPROVED TRAINING PROGRAM SHALL:

(1) MAINTAIN ITS TRAINING RECORDS AT ITS PRINCIPAL PLACE OF BUSINESS FOR AT LEAST 4 YEARS; AND

(2) MAKE THE RECORDS AVAILABLE FOR INSPECTION BY THE ~~DIVISION~~ ADMINISTRATION.

SUBTITLE 11. PROHIBITED ACTS.

36-1101.

(A) A CANNABIS LICENSEE MAY NOT SELL, TRANSFER, OR DELIVER CANNABIS OR CANNABIS PRODUCTS UNLESS THE LICENSEE VERIFIES BY MEANS OF A VALID DRIVER'S LICENSE OR OTHER GOVERNMENT-ISSUED PHOTO IDENTIFICATION CONTAINING THE BEARER'S DATE OF BIRTH THAT:

(1) FOR ADULT-USE CANNABIS, THE CONSUMER IS AT LEAST 21 YEARS OLD; OR

(2) FOR MEDICAL CANNABIS, THE PATIENT OR CAREGIVER IS:

(I) REGISTERED WITH THE ~~DIVISION~~ ADMINISTRATION; AND

(II) AT LEAST 18 YEARS OLD.

(B) (1) ~~(I)~~ A EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, A LICENSEE THAT SELLS, TRANSFERS, OR DELIVERS CANNABIS OR CANNABIS PRODUCTS IN VIOLATION OF SUBSECTION (A) OF THIS SECTION IS SUBJECT TO A CIVIL PENALTY OF:

~~(I)~~ 1. \$500 FOR A FIRST VIOLATION;

~~(II)~~ 2. \$1,000 FOR A SECOND VIOLATION OCCURRING WITHIN 24 MONTHS AFTER THE FIRST VIOLATION; AND

~~(III)~~ 3. \$5,000 FOR EACH SUBSEQUENT VIOLATION OCCURRING WITHIN 24 MONTHS AFTER THE IMMEDIATELY PRECEDING VIOLATION.

(II) A VIOLATION OF SUBSECTION (A) OF THIS SECTION THAT OCCURS MORE THAN 24 MONTHS AFTER THE IMMEDIATELY PRECEDING VIOLATION SHALL BE TREATED AS A FIRST VIOLATION.

(2) ~~THE DIVISION~~ ADMINISTRATION MAY DENY A CANNABIS LICENSE TO AN APPLICANT, REPRIMAND A CANNABIS LICENSEE, OR SUSPEND OR REVOKE A

CANNABIS LICENSE IF THE APPLICANT OR LICENSEE VIOLATES SUBSECTION (A) OF THIS SECTION TWO OR MORE TIMES IN A 24-MONTH PERIOD.

(3) IN A HEARING FOR AN ALLEGED VIOLATION OF THIS SECTION, IT IS A DEFENSE THAT AN AGENT OF THE DEFENDANT EXAMINED THE CONSUMER'S, PATIENT'S, OR CAREGIVER'S DRIVER'S LICENSE OR OTHER VALID IDENTIFICATION ISSUED BY A GOVERNMENTAL UNIT THAT POSITIVELY IDENTIFIED THE CONSUMER, PATIENT, OR CAREGIVER AS MEETING THE MINIMUM AGE SPECIFIED IN SUBSECTION (A) OF THIS SECTION.

(C) (1) A CANNABIS LICENSEE MAY NOT:

(I) SELL, TRANSFER, OR DELIVER CANNABIS TO AN INDIVIDUAL WHO IS VISIBLY INTOXICATED; ~~OR~~

(II) OFFER CANNABIS OR CANNABIS PRODUCTS AS A PRIZE, PREMIUM, OR CONSIDERATION FOR A LOTTERY, CONTEST, GAME OF CHANCE, GAME OF SKILL, OR COMPETITION OF ANY KIND; OR

(III) CONDUCT DIRECT-TO-CONSUMER INTERNET SALES OF ADULT-USE CANNABIS ON OR BEFORE JULY 1, 2025.

(2) A CANNABIS LICENSEE THAT VIOLATES PARAGRAPH (1) OF THIS SUBSECTION IS SUBJECT TO A FINE NOT EXCEEDING \$1,000, SUSPENSION OR REVOCATION OF A LICENSE, OR BOTH.

36-1102.

~~(A) THIS TITLE MAY NOT BE CONSTRUED TO AUTHORIZE AN INDIVIDUAL TO:~~

~~(1) OPERATE, NAVIGATE, OR BE IN ACTUAL PHYSICAL CONTROL OF A MOTOR VEHICLE, AIRCRAFT, OR BOAT WHILE UNDER THE INFLUENCE OF CANNABIS;~~

~~(2) USE CANNABIS IN A PUBLIC PLACE;~~

~~(3) USE CANNABIS IN A MOTOR VEHICLE;~~

~~(4) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, SMOKE CANNABIS ON A PRIVATE PROPERTY THAT:~~

~~(1) IS RENTED FROM A LANDLORD; AND~~

~~(2) IS SUBJECT TO A POLICY THAT PROHIBITS THE SMOKING OF CANNABIS ON THE PROPERTY; OR~~

~~(H) IS SUBJECT TO A POLICY THAT PROHIBITS THE SMOKING OF CANNABIS ON THE PROPERTY OF AN ATTACHED DWELLING ADOPTED BY ONE OF THE FOLLOWING ENTITIES:~~

~~1. THE BOARD OF DIRECTORS OF THE COUNCIL OF UNIT OWNERS OF A CONDOMINIUM REGIME; OR~~

~~2. THE GOVERNING BODY OF A HOMEOWNERS ASSOCIATION; OR~~

~~(5) POSSESS CANNABIS, INCLUDING CANNABIS PRODUCTS, IN A LOCAL DETENTION FACILITY, COUNTY JAIL, STATE PRISON, REFORMATORY, OR OTHER CORRECTIONAL FACILITY, INCLUDING A FACILITY FOR THE DETENTION OF JUVENILE OFFENDERS.~~

~~(B) THE PROVISIONS OF SUBSECTION (A)(4) OF THIS SECTION DO NOT APPLY TO VAPORIZING CANNABIS.~~

~~36-1103.~~

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "HEMP" HAS THE MEANING STATED IN § 14-401 OF THE AGRICULTURE ARTICLE.

(3) "TETRAHYDROCANNABINOL" MEANS:

(I) ANY TETRAHYDROCANNABINOL, INCLUDING DELTA-8-TETRAHYDROCANNABINOL, DELTA-9-TETRAHYDROCANNABINOL, AND DELTA-10-TETRAHYDROCANNABINOL, REGARDLESS OF HOW DERIVED;

(II) ANY OTHER CANNABINOID, EXCEPT CANNABIDIOL THAT THE ADMINISTRATION DETERMINES TO CAUSE INTOXICATION; AND

(III) ANY OTHER CHEMICALLY SIMILAR COMPOUND, SUBSTANCE, DERIVATIVE, OR ISOMER OF TETRAHYDROCANNABINOL, AS IDENTIFIED BY THE ADMINISTRATION.

(4) "TINCTURE" MEANS A SOLUTION THAT IS:

(I) DISSOLVED IN ALCOHOL, GLYCERIN, OR VEGETABLE OIL;

AND

(II) DISTRIBUTED IN A DROPPER BOTTLE OF 4 OUNCES OR LESS.

~~(A)~~ **(B) (1) A PERSON MAY NOT SELL OR DISTRIBUTE A PRODUCT INTENDED FOR HUMAN CONSUMPTION OR INHALATION THAT CONTAINS MORE THAN 0.5 MILLIGRAMS OF TETRAHYDROCANNABINOL PER SERVING OR 2.5 MILLIGRAMS OF TETRAHYDROCANNABINOL PER PACKAGE UNLESS THE PERSON IS LICENSED UNDER § 36-401 OF THIS TITLE AND THE PRODUCT COMPLIES WITH THE:**

(I) MANUFACTURING STANDARDS ESTABLISHED UNDER § 36-203 OF THIS TITLE;

(II) LABORATORY TESTING STANDARDS ESTABLISHED UNDER § 36-203 OF THIS TITLE; AND

(III) PACKAGING AND LABELING STANDARDS ESTABLISHED UNDER § 36-203 OF THIS TITLE.

(2) A PERSON MAY NOT SELL OR DISTRIBUTE A PRODUCT DESCRIBED UNDER PARAGRAPH (1) OF THIS SUBSECTION TO AN INDIVIDUAL UNDER THE AGE OF 21 YEARS.

~~(B)~~ **(C) A PERSON MAY NOT SELL OR DISTRIBUTE A CANNABINOID PRODUCT THAT IS NOT DERIVED FROM NATURALLY OCCURRING BIOLOGICALLY ACTIVE CHEMICAL CONSTITUENTS.**

(D) (1) NOTWITHSTANDING SUBSECTION (B) OF THIS SECTION AND SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IT IS NOT A VIOLATION OF THIS SECTION FOR A PERSON TO SELL OR DISTRIBUTE A HEMP-DERIVED TINCTURE INTENDED FOR HUMAN CONSUMPTION THAT CONTAINS:

~~(1)~~ **(I) A RATIO OF CANNABIDIOL TO TETRAHYDROCANNABINOL OF AT LEAST 15 TO 1; AND**

~~(2)~~ **(II) 2.5 MILLIGRAMS OR LESS OF TETRAHYDROCANNABINOL PER SERVING AND 100 MILLIGRAMS OR LESS OF TETRAHYDROCANNABINOL PER PACKAGE.**

(2) TO SELL OR DISTRIBUTE A HEMP-DERIVED TINCTURE UNDER THIS SUBSECTION, A PERSON MUST PROVIDE, AS REQUIRED BY THE ADMINISTRATION, TINCTURE SAMPLES FOR THE PURPOSE OF TESTING TO DETERMINE CHEMICAL POTENCY AND COMPOSITION LEVELS AND TO DETECT AND QUANTIFY CONTAMINANTS.

~~(C)~~ **(E)** A PERSON WHO VIOLATES SUBSECTION ~~(A)~~ **(B)** OF THIS SECTION IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$5,000.

~~(D)~~ **(F)** A PERSON WHO VIOLATES SUBSECTION ~~(B)~~ **(C)** OF THIS SECTION IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$10,000.

SUBTITLE 12. LEGAL PROTECTIONS.

36-1201.

THE FOLLOWING PERSONS ACTING IN ACCORDANCE WITH THE PROVISIONS OF THIS TITLE MAY NOT BE SUBJECT TO ARREST, PROSECUTION, REVOCATION OF MANDATORY SUPERVISION, PAROLE, OR PROBATION, OR ANY CIVIL OR ADMINISTRATIVE PENALTY, INCLUDING A CIVIL PENALTY OR DISCIPLINARY ACTION BY A PROFESSIONAL LICENSING BOARD, OR BE DENIED ANY RIGHT OR PRIVILEGE, FOR THE USE OF OR POSSESSION OF CANNABIS THAT IS AUTHORIZED UNDER THIS TITLE:

- (1) A QUALIFYING PATIENT;
- (2) A CANNABIS LICENSEE OR CANNABIS REGISTRANT THAT IS LICENSED OR REGISTERED UNDER THIS TITLE;
- (3) A CERTIFYING PROVIDER;
- (4) A CAREGIVER;
- (5) AN ACADEMIC RESEARCH REPRESENTATIVE PURCHASING MEDICAL CANNABIS UNDER ~~§ 36-701~~ SUBTITLE 7 OF THIS TITLE;
- (6) A HOSPITAL, MEDICAL FACILITY, OR HOSPICE PROGRAM WHERE A QUALIFYING PATIENT IS RECEIVING TREATMENT; OR
- (7) DESIGNATED SCHOOL PERSONNEL AUTHORIZED TO ADMINISTER MEDICAL CANNABIS TO A STUDENT IN ACCORDANCE WITH THE GUIDELINES ESTABLISHED UNDER § 7-446 OF THE EDUCATION ARTICLE UNLESS THE ACT OR OMISSION CONSTITUTES GROSS NEGLIGENCE OR WANTON OR WILLFUL MISCONDUCT.

SUBTITLE 13. ~~CIVIL IMMUNITIES AND LIABILITIES~~ RESERVED.

~~36-1301.~~

~~(A) EXCEPT AS PROVIDED IN THIS SECTION, NEITHER THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS MAY DENY A BENEFIT, AN ENTITLEMENT, A DRIVER'S LICENSE, A PROFESSIONAL LICENSE, HOUSING ASSISTANCE, SOCIAL SERVICES, OR OTHER BENEFITS BASED ON LAWFUL CANNABIS USE OR FOR THE PRESENCE OF CANNABINOIDS OR CANNABINOID METABOLITES IN THE URINE, BLOOD, SALIVA, BREATH, HAIR, OR OTHER TISSUE OR FLUID OF AN INDIVIDUAL WHO IS AT LEAST 21 YEARS OLD OR A QUALIFYING PATIENT WHO IS UNDER THE AGE OF 21 YEARS.~~

~~(B) AN INDIVIDUAL MAY NOT BE DENIED CUSTODY OF OR VISITATION WITH A MINOR FOR ACTING IN ACCORDANCE WITH THIS TITLE, UNLESS THE INDIVIDUAL'S BEHAVIOR CREATES AN UNREASONABLE DANGER TO THE MINOR THAT CAN BE CLEARLY ARTICULATED AND SUBSTANTIATED.~~

~~(C) EXCEPT AS PROVIDED IN THIS SECTION, NEITHER THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS MAY DENY EMPLOYMENT OR A CONTRACT TO AN INDIVIDUAL FOR A PRIOR CONVICTION FOR A NONVIOLENT CANNABIS OFFENSE THAT DOES NOT INVOLVE DISTRIBUTION TO MINORS.~~

~~(D) FOR THE PURPOSES OF MEDICAL CARE, INCLUDING ORGAN AND TISSUE TRANSPLANTS:~~

~~(1) THE USE OF CANNABIS DOES NOT CONSTITUTE THE USE OF AN ILLICIT SUBSTANCE OR OTHERWISE DISQUALIFY AN INDIVIDUAL FROM NEEDED MEDICAL CARE; AND~~

~~(2) MAY BE CONSIDERED ONLY WITH RESPECT TO EVIDENCE BASED CLINICAL CRITERIA.~~

~~(E) (1) THIS SECTION DOES NOT PREVENT A GOVERNMENT EMPLOYER FROM DISCIPLINING AN EMPLOYEE OR A CONTRACTOR FOR:~~

~~(I) INGESTING CANNABIS IN THE WORKPLACE; OR~~

~~(II) WORKING WHILE IMPAIRED BY CANNABIS.~~

~~(2) THE PROTECTIONS PROVIDED BY THIS SECTION DO NOT APPLY TO THE EXTENT THAT THEY CONFLICT WITH A GOVERNMENT EMPLOYER'S OBLIGATIONS UNDER FEDERAL LAW OR TO THE EXTENT THAT THEY WOULD DISQUALIFY THE ENTITY FROM A MONETARY OR LICENSING RELATED BENEFIT UNDER FEDERAL LAW.~~

~~(3) THIS SECTION DOES NOT AUTHORIZE ANY PERSON AN INDIVIDUAL TO ENGAGE IN, AND DOES NOT PREVENT THE IMPOSITION OF ANY CIVIL, CRIMINAL, DISCIPLINE, OR OTHER PENALTIES, INCLUDING DISCIPLINE OR TERMINATION BY A GOVERNMENT EMPLOYER FOR ENGAGING IN ANY TASK WHILE UNDER THE INFLUENCE OF CANNABIS, WHEN DOING SO WOULD CONSTITUTE NEGLIGENCE OR PROFESSIONAL MALPRACTICE.~~

~~(F) NOTHING IN THIS SECTION MAY BE CONSTRUED TO PREVENT OR PROHIBIT ANY EMPLOYER FROM DENYING EMPLOYMENT OR A CONTRACT TO AN INDIVIDUAL OR DISCIPLINING AN EMPLOYEE OR A CONTRACTOR FOR TESTING POSITIVE FOR THE PRESENCE OF CANNABINOIDS OR CANNABINOID METABOLITES IN THE URINE, BLOOD, SALIVA, BREATH, HAIR, OR OTHER TISSUE OR FLUID OF THE EMPLOYEE'S OR CONTRACTOR'S BODY, IF THE TEST WAS CONDUCTED IN ACCORDANCE WITH THE EMPLOYER'S ESTABLISHED DRUG TESTING POLICY.~~

~~36-1302.~~

~~(A) A HOLDER OF A PROFESSIONAL OR OCCUPATIONAL LICENSE MAY NOT BE SUBJECT TO PROFESSIONAL DISCIPLINE FOR PROVIDING ADVICE OR SERVICES RELATED TO CANNABIS ESTABLISHMENTS OR APPLICATIONS TO OPERATE CANNABIS ESTABLISHMENTS ON THE BASIS THAT CANNABIS IS ILLEGAL UNDER FEDERAL LAW.~~

~~(B) AN APPLICANT FOR A PROFESSIONAL OR OCCUPATIONAL LICENSE MAY NOT BE DENIED A LICENSE BASED ON PREVIOUS EMPLOYMENT RELATED TO CANNABIS ESTABLISHMENTS OPERATING IN ACCORDANCE WITH STATE LAW.~~

~~36-1303.~~

~~AN AGENCY OR A POLITICAL SUBDIVISION OF THE STATE MAY NOT RELY ON A VIOLATION OF FEDERAL LAW RELATED TO CANNABIS AS THE SOLE BASIS FOR TAKING AN ADVERSE ACTION AGAINST A PERSON.~~

~~36-1304.~~

~~(A) IT IS THE PUBLIC POLICY OF THE STATE THAT CONTRACTS RELATED TO THE OPERATION OF A CANNABIS ESTABLISHMENT LICENSED IN ACCORDANCE WITH THIS SUBTITLE ARE ENFORCEABLE.~~

~~(B) IT IS THE PUBLIC POLICY OF THE STATE THAT NO CONTRACT ENTERED INTO BY A LICENSED CANNABIS ESTABLISHMENT OR ITS AGENTS AS AUTHORIZED IN ACCORDANCE WITH A VALID LICENSE, OR BY THOSE WHO ALLOW PROPERTY TO BE USED BY A CANNABIS ESTABLISHMENT, ITS EMPLOYEES, OR ITS AGENTS AS~~

~~AUTHORIZED IN ACCORDANCE WITH A VALID LICENSE, SHALL BE UNENFORCEABLE ON THE BASIS THAT CULTIVATING, OBTAINING, MANUFACTURING, DISTRIBUTING, DISPENSING, TRANSPORTING, SELLING, POSSESSING, OR USING CANNABIS IS PROHIBITED BY FEDERAL LAW.~~

SUBTITLE 14. CAPITAL ACCESS PROGRAM.

36-1401.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “BORROWER” MEANS A BUSINESS THAT:

(1) QUALIFIES AS A SMALL BUSINESS UNDER THE U.S. SMALL BUSINESS ADMINISTRATION SIZE STANDARDS;

(2) APPLIES TO A LENDER FOR BUSINESS FINANCING; AND

(3) HAS FEWER THAN 50 EMPLOYEES.

(C) “DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.

~~(D)~~ (D) “LENDER” MEANS:

(1) A CREDIT UNION, AS DEFINED IN § 1-101 OF THE FINANCIAL INSTITUTIONS ARTICLE;

(2) A FINANCIAL INSTITUTION, AS DEFINED IN § 1-101 OF THE FINANCIAL INSTITUTIONS ARTICLE; OR

(3) A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION, AS DEFINED IN 12 U.S.C. § 4702(5).

~~(D)~~ (E) “PROGRAM” MEANS THE CAPITAL ACCESS PROGRAM ESTABLISHED UNDER THIS SUBTITLE.

36-1402.

THERE IS A CAPITAL ACCESS PROGRAM IN THE DEPARTMENT OF COMMERCE.

36-1403.

THE PURPOSE OF THE PROGRAM IS TO STIMULATE OPPORTUNITIES FOR SOCIAL EQUITY LICENSEES THAT HAVE DIFFICULTY OBTAINING FINANCING AND TO ESTABLISH A LOAN LOSS RESERVE ACCOUNT.

36-1404.

(A) A LOAN TO A SOCIAL EQUITY LICENSEE QUALIFIES UNDER THE PROGRAM IF THE LOAN:

(1) SATISFIES THE LENDING CRITERIA OF THE ~~FINANCIAL INSTITUTION~~ LENDER; AND

(2) ~~HAS A TERM NOT EXCEEDING 10 YEARS; AND~~

(3) DOES NOT EXCEED:

(I) FOR A DISPENSARY, \$500,000; OR

(II) FOR A GROWER OR PROCESSOR, \$1,000,000.

(B) A LOAN THAT QUALIFIES UNDER SUBSECTION (A) OF THIS SECTION MAY BE SHORT OR LONG TERM, HAVE FIXED OR VARIABLE RATES, AND BE SECURED OR UNSECURED.

36-1405.

(A) ~~IF A LENDER WOULD LIKE TO~~ TO PARTICIPATE IN THE PROGRAM, ~~THE LENDER MUST~~ A LENDER SHALL ENROLL THE QUALIFYING LOAN IN THE PROGRAM NOT MORE THAN 30 DAYS AFTER THE DATE OF THE FIRST DISBURSEMENT OF THE LOAN.

(B) A LENDER MAY ENROLL ALL OR A PORTION OF A QUALIFYING LOAN IN AN AMOUNT OF NOT MORE THAN:

(1) FOR A DISPENSARY, \$500,000; OR

(2) FOR A GROWER OR PROCESSOR, \$1,000,000.

36-1406.

(A) THE DEPARTMENT SHALL ESTABLISH A LOAN LOSS RESERVE ACCOUNT FOR A LENDER WHEN THE LENDER ENROLLS ITS FIRST LOAN UNDER THE PROGRAM.

(B) AT THE TIME OF ENROLLMENT:

(1) THE BORROWER SHALL MAKE A PAYMENT TO THE ACCOUNT OF BETWEEN 0% AND 7% OF THE ENROLLED LOAN AMOUNT;

(2) THE LENDER SHALL MAKE A PAYMENT TO THE ACCOUNT OF AT LEAST 2% OF THE ENROLLED AMOUNT; AND

(3) THE ~~DIVISION~~ ADMINISTRATION SHALL MAKE A MATCHING PAYMENT TO THE ACCOUNT IN AN AMOUNT EQUAL TO THE BORROWER AND LENDER'S AGGREGATE PAYMENT UNDER ITEMS (1) AND (2) OF THIS SUBSECTION.

(C) THE LOAN LOSS RESERVE ACCOUNT OF A LENDER SHALL BE AVAILABLE FOR THE LENDER TO WITHDRAW IF A BORROWER DEFAULTS ON A QUALIFYING LOAN.

(D) THE DEPARTMENT SHALL COLLABORATE WITH THE OFFICE OF SOCIAL EQUITY ESTABLISHED UNDER § 1-309.1 OF THIS ARTICLE TO IDENTIFY AND ASSIST BUSINESSES WITH OBTAINING FINANCING FROM THE PROGRAM.

(E) THE DEPARTMENT SHALL ESTABLISH PROCEDURES FOR A LENDER TO WITHDRAW FROM THE PROGRAM.

SUBTITLE 15. BANKING AND INSURANCE.

36-1501.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

~~(B) "CANNABIS RELATED LEGITIMATE BUSINESS" MEANS A MANUFACTURER, PRODUCER, OR ANOTHER PERSON THAT:~~

(B) "CANNABIS BUSINESS" MEANS A MANUFACTURER, PRODUCER, OR ANOTHER PERSON THAT:

(1) PARTICIPATES IN ANY BUSINESS OR ORGANIZED ACTIVITY THAT INVOLVES HANDLING CANNABIS OR CANNABIS PRODUCTS, INCLUDING CULTIVATING, PRODUCING, MANUFACTURING, SELLING, TRANSPORTING, DISPLAYING, DISPENSING, DISTRIBUTING, OR PURCHASING CANNABIS OR CANNABIS PRODUCTS; AND

(2) ENGAGES IN AN ACTIVITY DESCRIBED IN ITEM (1) OF THIS SUBSECTION IN ACCORDANCE WITH STATE LAW.

(C) “DEPOSITORY INSTITUTION” MEANS A STATE-CHARTERED OR FEDERALLY CHARTERED FINANCIAL INSTITUTION, OTHER-STATE BANK, OR FOREIGN BRANCH THAT:

(1) IS LOCATED IN THE STATE OR MAINTAINS BRANCHES IN THE STATE; AND

(2) IS AUTHORIZED TO MAINTAIN ACCOUNTS.

~~(D)~~ (1) “SERVICE PROVIDER” MEANS:

~~(1)~~ A BUSINESS, AN ORGANIZATION, OR ANY OTHER PERSON THAT:

~~1. (I) SELLS GOODS OR SERVICES TO A CANNABIS-RELATED CANNABIS LEGITIMATE BUSINESS; OR~~

~~2. (II) PROVIDES ANY BUSINESS SERVICES, INCLUDING THE SALE OR LEASE OF REAL OR ANY OTHER PROPERTY, LEGAL OR OTHER LICENSED SERVICES, OR ANY OTHER ANCILLARY SERVICE, RELATING TO CANNABIS.~~

(2) “SERVICE PROVIDER” DOES NOT INCLUDE A BUSINESS, AN ORGANIZATION, OR ANY OTHER PERSON THAT PARTICIPATES IN ANY BUSINESS OR ORGANIZED ACTIVITY THAT INVOLVES HANDLING CANNABIS OR CANNABIS PRODUCTS, INCLUDING CULTIVATING, PRODUCING, MANUFACTURING, SELLING, TRANSPORTING, DISPLAYING, DISPENSING, DISTRIBUTING, OR PURCHASING CANNABIS OR CANNABIS PRODUCTS.

36-1502.

THE PROVISIONS IN THIS SUBTITLE APPLY TO:

(1) ALL BANKS, CREDIT UNIONS, AND OTHER ENTITIES OPERATING AS DEPOSITORY INSTITUTIONS IN THE STATE; AND

(2) INSURANCE COMPANIES AND INSURANCE PRODUCERS OPERATING IN THE STATE.

36-1503.

(A) THE ~~STATE BANKING REGULATOR~~ THE OFFICE COMMISSIONER OF FINANCIAL REGULATION MAY NOT:

(1) TERMINATE OR LIMIT THE DEPOSIT INSURANCE OR SHARE INSURANCE OF A DEPOSITORY INSTITUTION UNDER THE FEDERAL DEPOSIT INSURANCE ACT OR THE FEDERAL CREDIT UNION ACT, A DEPOSITORY INSTITUTION OPERATING IN THE STATE UNDER THE FINANCIAL INSTITUTIONS ARTICLE, OR TAKE ANY OTHER ADVERSE ACTION AGAINST A DEPOSITORY INSTITUTION UNDER 12 U.S.C. § 1818 SOLELY BECAUSE THE DEPOSITORY INSTITUTION PROVIDES OR HAS PROVIDED FINANCIAL SERVICES TO A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER;

(2) PROHIBIT, PENALIZE, OR OTHERWISE DISCOURAGE A DEPOSITORY INSTITUTION FROM PROVIDING FINANCIAL SERVICES TO A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS IN THE STATE;

(3) RECOMMEND, INCENTIVIZE, OR ENCOURAGE A DEPOSITORY INSTITUTION ~~NOT TO~~ TO NOT OFFER FINANCIAL SERVICES TO AN ACCOUNT HOLDER, OR TO DOWNGRADE OR CANCEL THE FINANCIAL SERVICES OFFERED TO AN ACCOUNT HOLDER SOLELY BECAUSE:

(I) THE ACCOUNT HOLDER IS A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER, OR IS AN EMPLOYEE, OWNER, OR OPERATOR OF A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER;

(II) THE ACCOUNT HOLDER LATER BECOMES AN EMPLOYEE, OWNER, OR OPERATOR OF A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER; OR

(III) THE DEPOSITORY INSTITUTION WAS NOT AWARE THAT THE ACCOUNT HOLDER IS AN EMPLOYEE, OWNER, OR OPERATOR OF A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER;

(4) TAKE ANY ADVERSE OR CORRECTIVE SUPERVISORY ACTION ON A LOAN MADE TO:

(I) A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER SOLELY BECAUSE THE BUSINESS IS A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER;

(II) AN EMPLOYEE, OWNER, OR OPERATOR OF A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER SOLELY BECAUSE THE EMPLOYEE, OWNER, OR OPERATOR IS EMPLOYED BY, OWNS, OR OPERATES A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER, AS APPLICABLE; OR

(III) AN OWNER OR OPERATOR OF REAL ESTATE OR EQUIPMENT THAT IS LEASED TO A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER SOLELY BECAUSE THE OWNER OR OPERATOR OF THE REAL ESTATE OR EQUIPMENT LEASED THE EQUIPMENT OR REAL ESTATE TO A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER, AS APPLICABLE; OR

(5) PROHIBIT OR PENALIZE A DEPOSITORY INSTITUTION, OR AN ENTITY PERFORMING A FINANCIAL SERVICE FOR OR IN ASSOCIATION WITH A DEPOSITORY INSTITUTION, OR OTHERWISE DISCOURAGE A DEPOSITORY INSTITUTION, OR AN ENTITY PERFORMING A FINANCIAL SERVICE FOR OR IN ASSOCIATION WITH A DEPOSITORY INSTITUTION, FROM ENGAGING IN A FINANCIAL SERVICE FOR A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER.

(B) SUBSECTION (A) OF THIS SECTION SHALL APPLY TO AN INSTITUTION APPLYING FOR A DEPOSITORY INSTITUTION CHARTER TO THE SAME EXTENT AS IT APPLIES TO A DEPOSITORY INSTITUTION.

36-1504.

FOR THE PURPOSES OF ~~TITLE~~ 18 U.S.C. §§ 1956 AND 1957 AND ALL OTHER PROVISIONS OF FEDERAL LAW, THE PROCEEDS FROM A TRANSACTION INVOLVING ACTIVITIES OF A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER MAY NOT BE CONSIDERED PROCEEDS FROM AN UNLAWFUL ACTIVITY SOLELY BECAUSE:

(1) THE TRANSACTION INVOLVES PROCEEDS FROM A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER; OR

(2) THE TRANSACTION INVOLVES PROCEEDS FROM:

(I) ~~CANNABIS-RELATED~~ CANNABIS ACTIVITIES CONDUCTED BY A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS; OR

(II) ACTIVITIES CONDUCTED BY A SERVICE PROVIDER.

36-1505.

(A) WITH RESPECT TO PROVIDING A FINANCIAL SERVICE TO A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR A SERVICE PROVIDER, A DEPOSITORY INSTITUTION, ENTITY PERFORMING A FINANCIAL SERVICE FOR OR IN ASSOCIATION WITH A DEPOSITORY INSTITUTION, OR INSURER THAT PROVIDES A

FINANCIAL SERVICE TO A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER, AND THE OFFICERS, DIRECTORS, AND EMPLOYEES OF THAT DEPOSITORY INSTITUTION, ENTITY, OR INSURER MAY NOT BE HELD LIABLE UNDER ANY STATE LAW OR REGULATION:

(1) SOLELY FOR PROVIDING THE FINANCIAL SERVICE; OR

(2) FOR FURTHER INVESTING ANY INCOME DERIVED FROM THE FINANCIAL SERVICE.

(B) AN INSURER THAT ENGAGES IN THE BUSINESS OF INSURANCE WITH A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER OR THAT OTHERWISE ENGAGES WITH A PERSON IN A TRANSACTION ALLOWED UNDER STATE LAW RELATED TO CANNABIS, AND THE OFFICERS, DIRECTORS, AND EMPLOYEES OF THAT INSURER MAY NOT BE HELD LIABLE UNDER STATE LAW OR REGULATION:

(1) SOLELY FOR ENGAGING IN THE BUSINESS OF INSURANCE; OR

(2) FOR FURTHER INVESTING ANY INCOME DERIVED FROM THE BUSINESS OF INSURANCE.

(C) A DEPOSITORY INSTITUTION THAT HAS A LEGAL INTEREST IN THE COLLATERAL FOR A LOAN OR ANOTHER FINANCIAL SERVICE PROVIDED TO AN OWNER, EMPLOYEE, OR OPERATOR OF A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER, OR TO AN OWNER OR OPERATOR OF REAL ESTATE OR EQUIPMENT THAT IS LEASED OR SOLD TO A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER, MAY NOT BE SUBJECT TO CRIMINAL, CIVIL, OR ADMINISTRATIVE FORFEITURE OF THAT LEGAL INTEREST UNDER STATE LAW FOR PROVIDING THE LOAN OR OTHER FINANCIAL SERVICE.

36-1506.

(A) THIS SUBTITLE DOES NOT REQUIRE A DEPOSITORY INSTITUTION, ENTITY PERFORMING A FINANCIAL SERVICE FOR OR IN ASSOCIATION WITH A DEPOSITORY INSTITUTION, OR INSURER TO PROVIDE FINANCIAL SERVICES TO A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS, SERVICE PROVIDER, OR ANY OTHER BUSINESS.

(B) THIS SUBTITLE MAY NOT BE CONSTRUED TO LIMIT OR OTHERWISE RESTRICT THE GENERAL EXAMINATION, SUPERVISORY, AND ENFORCEMENT AUTHORITY OF THE ~~STATE BANKING REGULATOR~~ COMMISSIONER OF FINANCIAL REGULATION, PROVIDED THAT THE BASIS FOR ANY SUPERVISORY OR

ENFORCEMENT ACTION IS NOT THE PROVISION OF FINANCIAL SERVICES TO A ~~CANNABIS-RELATED~~ CANNABIS LEGITIMATE BUSINESS OR SERVICE PROVIDER.

(C) THIS SUBTITLE MAY NOT BE CONSTRUED TO INTERFERE WITH THE REGULATION OF THE BUSINESS OF INSURANCE.

36-1507.

THE STATE MAY NOT COOPERATE OR AID FEDERAL LAW ENFORCEMENT AUTHORITIES ATTEMPTING TO PROSECUTE FINANCIAL INSTITUTIONS THAT ARE LAWFULLY OPERATING WITHIN THE CONFINES OF THIS SUBTITLE.

Article – Tax – General

2-1302.2.

AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1301 THROUGH 2-1302.1 OF THIS SUBTITLE, OF THE SALES AND USE TAX COLLECTED UNDER § 11-104(K) OF THIS ARTICLE FROM THE SALE OF CANNABIS ~~FROM A DISPENSARY TO A CONSUMER UNDER TITLE 36, AS DEFINED IN § 1-101~~ OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE, THE COMPTROLLER QUARTERLY SHALL DISTRIBUTE:

(1) TO THE CANNABIS REGULATION AND ENFORCEMENT FUND, ESTABLISHED UNDER § 36-206 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE, AN AMOUNT NECESSARY TO DEFRAY THE ENTIRE COST OF THE ~~OPERATION~~ OPERATIONS AND ADMINISTRATIVE EXPENSES OF THE ~~CANNABIS REGULATION AND ENFORCEMENT DIVISION~~ MARYLAND CANNABIS ADMINISTRATION ESTABLISHED UNDER TITLE 36 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE;

(2) AFTER MAKING THE DISTRIBUTION REQUIRED UNDER ITEM (1) OF THIS SECTION:

~~(2)~~ (I) ~~30%~~ 35% TO THE COMMUNITY REINVESTMENT AND REPAIR FUND UNDER § 1-322 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE FOR FISCAL YEARS 2024 THROUGH 2033;

~~(3)~~ (II) ~~1.5%~~ 5% TO COUNTIES ~~AND MUNICIPALITIES~~, WHICH SHALL BE ALLOCATED TO EACH JURISDICTION COUNTY BASED ON THE PERCENTAGE OF REVENUE COLLECTED FROM THAT JURISDICTION COUNTY, EXCEPT THAT A COUNTY ~~SHALL CONSIDER DISTRIBUTING THE ALLOCATION RECEIVED UNDER THIS ITEM TO A MUNICIPALITY LOCATED IN THE COUNTY IN PROPORTION TO THE REVENUE GENERATED BY THAT MUNICIPALITY~~ DISTRIBUTE TO A MUNICIPALITY LOCATED IN

THE COUNTY 50% OF THE ALLOCATION RECEIVED UNDER THIS ITEM THAT IS ATTRIBUTABLE TO THE SALES AND USE TAX REVENUE GENERATED BY A DISPENSARY LOCATED IN THAT MUNICIPALITY;

~~(4)~~ ~~(III)~~ ~~1.5%~~ 5% TO THE CANNABIS PUBLIC HEALTH FUND ESTABLISHED UNDER § 13-4505 OF THE HEALTH – GENERAL ARTICLE; AND

~~(5)~~ ~~(IV)~~ FOR FISCAL YEARS 2024 THROUGH 2028, ~~1.5%~~ 5% TO THE CANNABIS BUSINESS ASSISTANCE FUND ESTABLISHED UNDER § 5-1901 OF THE ECONOMIC DEVELOPMENT ARTICLE; AND

~~(6)~~ ~~(3)~~ ANY BALANCE REMAINING AFTER THE DISTRIBUTIONS REQUIRED UNDER ~~PARAGRAPHS (1) THROUGH (5)~~ ITEMS (1) AND (2) OF THIS SECTION TO THE GENERAL FUND OF THE STATE.

2-1303.

After making the distributions required under §§ 2-1301 through [2-1302.1] ~~2-1302.2~~ of this subtitle, the Comptroller shall pay:

(1) revenues from the hotel surcharge into the Dorchester County Economic Development Fund established under § 10-130 of the Economic Development Article;

(2) to the Blueprint for Maryland's Future Fund established under § 5-206 of the Education Article, the following percentage of the remaining sales and use tax revenues:

- (i) for fiscal year 2023, 9.2%;
- (ii) for fiscal year 2024, 11.0%;
- (iii) for fiscal year 2025, 11.3%;
- (iv) for fiscal year 2026, 11.7%; and
- (v) for fiscal year 2027 and each fiscal year thereafter, 12.1%; and

(3) the remaining sales and use tax revenue into the General Fund of the State.

11-104.

(K) THE SALES AND USE TAX RATE FOR ~~THE SALE OF CANNABIS FROM A DISPENSARY TO A CONSUMER UNDER TITLE 36,~~ AS DEFINED IN § 1-101 OF THE

ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE IS AS FOLLOWS, FOR FISCAL YEAR 2024 AND EACH FISCAL YEAR THEREAFTER, 9%.

~~(1) FOR FISCAL YEAR 2024, 6%;~~

~~(2) FOR FISCAL YEAR 2025, 7%;~~

~~(3) FOR FISCAL YEAR 2026, 8%;~~

~~(4) FOR FISCAL YEAR 2027, 9%; AND~~

~~(5) FOR FISCAL YEAR 2028 AND EACH FISCAL YEAR THEREAFTER, 10%.~~

11-245.

THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF:

(1) MEDICAL CANNABIS UNDER TITLE 36 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE; OR

(2) CANNABIS BETWEEN CANNABIS ~~ESTABLISHMENTS~~ BUSINESSES THAT ARE LICENSED UNDER TITLE 36 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE.

Article – Economic Development

5-1901.

(a) (1) In this section[,] **THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

(2) “Fund” means the Cannabis Business Assistance Fund.

(3) (I) **“PERSONAL NET WORTH” MEANS THE NET VALUE OF THE ASSETS OF AN INDIVIDUAL REMAINING AFTER TOTAL LIABILITIES ARE DEDUCTED, INCLUDING THE INDIVIDUAL’S SHARE OF ASSETS HELD JOINTLY OR AS COMMUNITY PROPERTY WITH THE INDIVIDUAL’S SPOUSE.**

(II) **“PERSONAL NET WORTH” DOES NOT INCLUDE:**

1. THE INDIVIDUAL’S OWNERSHIP INTEREST IN THE APPLICANT;

2. THE INDIVIDUAL'S EQUITY IN THE INDIVIDUAL'S PRIMARY PLACE OF RESIDENCE; OR

3. THE CASH VALUE OF ANY QUALIFIED RETIREMENT SAVINGS PLANS OR INDIVIDUAL RETIREMENT ACCOUNTS.

(b) There is a Cannabis Business Assistance Fund.

(c) The purpose of the Fund is to assist small, minority-owned, and women-owned businesses entering the adult-use cannabis industry.

(d) The Department shall administer the Fund.

(e) (1) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(2) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(f) The Fund consists of:

(1) money appropriated in the State budget to the Fund; [and]

(2) **REVENUE DISTRIBUTED TO THE FUND IN ACCORDANCE WITH § 2-1302.2 OF THE TAX – GENERAL ARTICLE; AND**

(3) any other money from any other source accepted for the benefit of the Fund.

(g) (1) Subject to paragraph (2) of this subsection, the Fund may be used only for:

(i) grants or loans to small, minority-owned, or women-owned businesses for:

1. license application assistance for participation in the adult-use cannabis industry;

2. assistance with the operating or capital expenses of a business participating in the adult-use cannabis industry; or

3. targeted training to support participation in the adult-use cannabis industry; and

(ii) grants to historically black colleges and universities for cannabis-related programs and business development organizations, including incubators, to train and assist small, minority, and women business owners and entrepreneurs seeking to become licensed to participate in the adult-use cannabis industry.

(2) The Department:

(i) shall prioritize awarding grants and loans in accordance with paragraph (1) of this subsection to:

1. populations that have been historically disproportionately impacted ~~HARMED~~ **IMPACTED** by the enforcement of laws criminalizing the use of cannabis; ~~and~~

2. individuals who have been convicted of a violation of a law criminalizing the use of cannabis; and

3. SOCIAL EQUITY LICENSEES TO ASSIST WITH START-UP OPERATING AND CAPITAL FUNDING NEEDS; AND

(ii) may not award grants or loans to small, minority, and women business owners and entrepreneurs with a personal net worth exceeding \$1,700,000.

(3) In order to award grants and loans in accordance with paragraph (1) of this subsection, the Department shall develop partnerships with:

(i) traditional minority-serving institutions in the State and surrounding jurisdictions, including historically black colleges and universities;

(ii) trade associations representing minority and women-owned businesses; and

(iii) the Governor's Office of Small, Minority, and Women Business Affairs.

(h) (1) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(2) Any interest earnings of the Fund shall be credited to the Fund.

(i) Expenditures from the Fund may be made only in accordance with the State budget.

Article – State Finance and Procurement

(e) “Financial institution” means:

(1) any banking institution;

(2) any national banking association;

(3) an institution that is incorporated under the laws of any other state as a bank; [and] OR

(4) an institution that is incorporated under the laws of this State or of the United States as a savings and loan association.

6–226.

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:

170. the Cannabis Public Health Fund; [and]

171. the Community Reinvestment and Repair Fund;

172. THE CANNABIS REGULATION AND ENFORCEMENT FUND; AND

173. THE MEDICAL CANNABIS COMPASSIONATE USE FUND.

Article – State Personnel and Pensions

23–201.

(a) Except as provided in subsection (b) of this section, §§ 23–203 through 23–205 of this subtitle apply only to:

(13) an individual who, on and before the effective date of participation as defined under § 31–101(c) of this article, is:

- County;
 - (i) a supportive service employee of the Board of Education of Kent
 - (ii) an employee of the Town of Oakland;
 - (iii) an employee of the City of Frostburg;
 - (iv) an employee of the Town of Sykesville; or
 - (v) an employee of the Town of University Park; [and]

(14) an employee of the Maryland Automobile Insurance Fund on or after the date that the Maryland Automobile Insurance Fund begins participation in the Employees' Pension System; AND

(15) THE EXECUTIVE DIRECTOR OF THE ALCOHOL, TOBACCO, AND CANNABIS COMMISSION, IF THE EXECUTIVE DIRECTOR IS NOT A SWORN POLICE OFFICER WITH THE POWERS GRANTED TO AN OFFICER OF THE FIELD ENFORCEMENT DIVISION UNDER § 1-313 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE.

26-201.

(a) Except as provided in subsection (b) of this section, this subtitle applies only to:

(22) the Executive Director of the Alcohol [and], Tobacco, AND CANNABIS Commission, ONLY IF THE EXECUTIVE DIRECTOR IS A SWORN POLICE OFFICER WITH THE POWERS GRANTED TO AN OFFICER OR EMPLOYEE OF THE FIELD ENFORCEMENT DIVISION UNDER § 1-313 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE.

Article – Health – General

13-4505.

- (a) There is a Cannabis Public Health Fund.
- (b) The purpose of the Fund is to provide funding to address the health effects associated with the legalization of adult-use cannabis.
- (c) The Department shall administer the Fund.
- (d) (1) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(2) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(e) The Fund consists of:

(1) Revenue distributed to the Fund based on revenues from adult-use cannabis;

(2) Money appropriated in the State budget to the Fund; [and]

(3) REVENUE DISTRIBUTED TO THE FUND IN ACCORDANCE WITH § 2-1302.2 OF THE TAX – GENERAL ARTICLE; AND

~~[(3)]~~ (4) Any other money from any other source accepted for the benefit of the Fund.

(f) The Fund may be used only for:

(1) Supporting the Advisory Council in performing its duties;

(2) Supporting data collection and research on the effects of cannabis legalization in the State;

(3) Providing funding for education and public awareness campaigns related to cannabis use, including funding for educational programs to be used in schools;

(4) Supporting substance use disorder counseling and treatment for individuals;

(5) Training and equipment for law enforcement to recognize impairments due to cannabis; and

(6) Purchasing technology proven to be effective at measuring cannabis levels in drivers.

(g) (1) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(2) Any interest earnings of the Fund shall be credited to the Fund.

(h) Expenditures from the Fund may be made only in accordance with the State budget.

SECTION ~~5~~ 6. AND BE IT FURTHER ENACTED, That Article – Alcoholic Beverages of the Annotated Code of Maryland be renamed to be Article – Alcoholic Beverages and Cannabis.

SECTION ~~6~~ 7. AND BE IT FURTHER ENACTED, That:

(a) The transfer of the Maryland Medical Cannabis Commission personnel to the ~~Alcohol, Tobacco, and Cannabis Commission~~ Maryland Cannabis Administration to oversee the regulation of cannabis under this Act shall be conducted in a manner that will minimize the costs of the transfer and will result in a more cost-efficient operation for the regulation of cannabis for the protection of the public health, safety, and welfare of the State.

(b) The ~~Cannabis Regulation and Enforcement Division of the Office of the Executive Director of the Alcohol, Tobacco, and Cannabis Commission~~ Maryland Cannabis Commission Administration is the successor of the Maryland Medical Cannabis Commission in matters concerning the regulation of medical cannabis.

(c) In every law, executive order, rule, regulation, policy, or document created by an official, an employee, or a unit of this State, the names and titles of those agencies and officials mean the names and titles of the successor agency or official.

SECTION ~~7~~ 8. AND BE IT FURTHER ENACTED, That all persons who, as of ~~June 30, 2023~~ the effective date of this Act, are merit employees or contract staff in budgeted positions of the Maryland Medical Cannabis Commission and whose positions are transferred to the ~~Cannabis Regulation and Enforcement Division of the Office of the Executive Director of the Alcohol, Tobacco, and Cannabis Commission~~ Maryland Cannabis Commission Administration to oversee, the regulation of cannabis provided by this Act, are hereby transferred to the ~~Cannabis Regulation and Enforcement Division of the Office of the Executive Director of the Alcohol, Tobacco, and Cannabis Commission~~ Maryland Cannabis Commission Administration without any change or loss of rights, pay, working conditions, benefits, rights, or status, and shall retain any merit system and retirement status they may have on the date of transfer.

SECTION ~~8~~ 9. AND BE IT FURTHER ENACTED, That the balance of the Natalie M. LaPrade Medical Cannabis Fund on the date immediately preceding the date this Act takes effect shall be credited to the Cannabis Regulation and Enforcement Fund, and that any funds credited to the Cannabis Regulation and Enforcement Fund may be used to cover the costs of implementing this Act and regulating the cannabis industry in Maryland.

SECTION ~~9~~ 10. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, from the date this Act takes effect to December 31, 2023, both inclusive, the ~~Commission~~ Maryland Cannabis Administration is exempt from procurement requirements under the State Finance and Procurement Article if the procurement is for:

- (1) banking services for the ~~Division~~ Administration to collect fees and tax revenue;
- (2) banking services to help support cannabis businesses to transition from an all cash system;
- (3) a consultant to support the ~~Division~~ Administration in the process for cannabis licensure, including services related to investigations and the financial or criminal history review of applicants; ~~and~~
- (4) a consultant to provide technical assistance to social equity applicants; ~~and~~
- (5) communication services for public and consumer education campaigns on cannabis laws and regulations and potential health and safety risks associated with cannabis use; and
- ~~(5)~~ (6) establishing a State cannabis testing laboratory at a preexisting site.

~~SECTION 10. AND BE IT FURTHER ENACTED, That:~~

- (a) ~~To the extent practicable and authorized by the U.S. Constitution, a cannabis licensee shall comply with the State's Minority Business Enterprise Program.~~
- (b) ~~On or before 6 months after the issuance of a cannabis license under § 36-401 of the Alcoholic Beverages and Cannabis Article, the Governor's Office of Small, Minority, and Women Business Affairs, in consultation with the Office of the Attorney General and the Office of Social Equity within the Alcohol, Tobacco, and Cannabis Commission and the cannabis licensee, shall establish a clear plan for setting reasonable and appropriate minority business enterprise participation goals and procedures for the procurement of goods and services related to cannabis, including the cultivation, manufacturing, and dispensing of cannabis.~~
- (c) ~~To the extent practicable, the goals and procedures specified in subsection (b) of this section shall be based on the requirements of Title 14, Subtitle 3 of the State Finance and Procurement Article and the regulations implementing that subtitle.~~

SECTION 11. AND BE IT FURTHER ENACTED, That:

- (a) ~~(1)~~ As soon as practicable after the effective date of this Act, the ~~Cannabis Regulation and Enforcement Division~~ Maryland Cannabis Administration established under § 36-201 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 4 5 of this Act, ~~shall issue a license to~~ shall, by regulation, establish a process for issuing up to five grower licenses to operate as a cannabis grower under Title 36, Subtitle 4 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 4 5 of this Act, to ~~one applicant that~~ five applicants that

(1) ~~is a~~ are recognized class ~~member~~ members of Pigford v. Glickman, 185 F.R.D. 82 (D.D.C. 1999), or In Re Black Farmers Litig., 856 F. Supp. 2d 1 (D.D.C. 2011);

(2) were awarded damages pursuant to the claims processes established for class members of Pigford v. Glickman or In Re Black Farmers Litig. and those damages were related to farming operations in Maryland;

(3) have provided evidence, suitable to the Administration and consistent with constitutional and federal requirements, that they have not been fully compensated for the discrimination they have endured and that they have experienced ongoing discrimination or the continued effects of past discrimination; and

(4) satisfy any other criteria established by the Administration.

~~(2) An applicant awarded a license under paragraph (1) of this subsection may subsequently apply for and be awarded a license to operate as a cannabis processor under Title 36, Subtitle 4 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 4 5 of this Act.~~

(b) Notwithstanding any other provision of law, a license issued under subsection (a) of this section is in addition to and not subject to the limitations on the total number of licenses that the ~~Division~~ Administration may issue under Title 36, Subtitle 4 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 4 5 of this Act.

(c) If an applicant for a license to operate as a cannabis grower that is a recognized class member is not awarded a license under subsection (a) of this section:

(1) the applicant may apply for a license in accordance with the provisions of Title 36 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 4 5 of this Act;

(2) the ~~Division~~ Administration shall allow the applicant to amend, if necessary, and resubmit the applicant's application or withdraw the application entirely; and

(3) the ~~Division~~ Administration may waive the initial application fee for the applicant but may charge the applicant a reasonable fee for the resubmission or an unamended or amended application.

SECTION 12. AND BE IT FURTHER ENACTED, That:

(a) As soon as practicable after the effective date of this Act, the Maryland Cannabis Administration shall contract with an independent consultant to complete a study on wholesale cannabis licenses.

(b) The study shall include:

- (1) the costs to regulate wholesale cannabis licenses;
- (2) whether there is market necessity for wholesale cannabis licensing;
- (3) whether there is a need for wholesale cannabis licensing to alleviate supply demand and facilitate an equitable marketplace for suppliers and retailers; and
- (4) the approximate number of wholesale cannabis licenses appropriate for the size of the marketplace in the State.

(c) On or before June 1, 2024, the Maryland Cannabis Administration shall submit the results of the study required under subsection (a) of this section to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly.

SECTION 13. AND BE IT FURTHER ENACTED, That:

(a) The Maryland Economic Development Corporation shall identify in each of the following locations a site for proposed use as incubator space, to be established in accordance with § 36–406 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 5 of this Act:

(1) Caroline County, Cecil County, Dorchester County, Kent County, Queen Anne’s County, Somerset County, Talbot County, Wicomico County, or Worcester County;

(2) Allegany County, Garrett County, or Washington County;

(3) Baltimore City or a beltway community located in Anne Arundel County or Baltimore County; and

(4) a beltway community located in Montgomery County or Prince George’s County.

(b) The site identifications shall include:

(1) the proposed locations for incubator spaces identified under subsection (a) of this section;

(2) the square footage of the identified locations; and

(3) the estimated costs for construction or renovation of the proposed location to prepare it for use as an incubator space.

(c) In evaluating sites for proposed use as incubator spaces, the Maryland Economic Development Corporation shall consider, in addition to other appropriate criteria, the suitability of converting to incubator space obsolete or underutilized commercial and retail properties such as enclosed malls, big box stores, and warehouse spaces.

(d) On or before January 1, 2024, the Maryland Economic Development Corporation shall submit a report on the identified sites and the qualifying criteria required by this section to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly.

SECTION 14. AND BE IT FURTHER ENACTED, That:

(a) As soon as practicable after the effective date of this Act, the Maryland Cannabis Administration shall conduct a study on on-site consumption of cannabis and cannabis products at retail premises of cannabis licensees.

(b) The study shall include:

(1) a survey of regulations and trade practices for on-site consumption of cannabis and cannabis products in other states and countries;

(2) authorizations and restrictions for the use of cannabis distributed at cannabis premises and for the removal of unconsumed cannabis or cannabis products from the premises;

(3) operational procedures and controls for on-site consumption premises and the preparation, use, and consumption of cannabis and cannabis products;

(4) training requirements and safeguards for employees of premises with on-site consumption of cannabis and cannabis products; and

(5) recommendations for policies to implement on-site consumption of cannabis and cannabis products at suitable locations, including suggested legislative and regulatory changes.

(c) The Administration may contract with an independent contractor to conduct the study under this section.

(d) On or before June 1, 2024, the Maryland Cannabis Administration shall submit the results of the study required under subsection (a) of this section to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly.

~~SECTION 15. AND BE IT FURTHER ENACTED, That:~~

~~(a) The Maryland Cannabis Administration shall study:~~

~~(1) types of cannabis products and cannabis-infused products that are not meant to be smoked and that are available in neighboring states and other jurisdictions, such as low-concentration edibles, cannabis-infused soft drinks and other beverages, and related products;~~

~~(2) issues relating to processing, packaging, labeling, and use of these cannabis products as they may be introduced into the Maryland adult-use cannabis regulatory system; and~~

~~(3) regulatory and enforcement issues that may arise from the introduction and availability of these cannabis products in Maryland.~~

~~(b) On or before July 1, 2024, the Administration shall submit a report, including any proposed legislative or regulatory changes, to the Governor and, in accordance with § 2-1257 of the State Government Article, the Senate Finance Committee and the House Economic Matters Committee.~~

SECTION 16. 15. AND BE IT FURTHER ENACTED, That:

~~(a) A grower awarded a stage one preapproval by the Natalie M. LaPrade Medical Cannabis Commission before October 1, 2022, and was not operational before October 1, 2022, and This section applies only to a business awarded a grower license under § 9 of Chapter 598 of the Acts of the General Assembly of 2018, that does not hold a cannabis dispensary license.~~

~~(b) (1) A licensed grower subject to this section may apply to the Maryland Cannabis Administration for and be awarded a standard dispensary license to operate as a cannabis dispensary established under § 36-401(c)(1)(iii) of the Alcoholic Beverages and Cannabis Article as enacted by Section 5 of this Act.~~

~~(2) If the licensed grower meets the minimum qualifications as determined by the Maryland Cannabis Administration for a standard dispensary license, the Administration shall award the grower a standard dispensary license.~~

~~(b) A business that was awarded a stage one preapproval for a processor license by the Natalie M. LaPrade Medical Cannabis Commission before October 1, 2022, and was not operational before October 1, 2022, notwithstanding § 36-404(d)(2) of the Alcoholic Beverages and Cannabis Article, as enacted under Section 5 of this Act, shall be entered into the lottery under § 36-404(d)(1)(ii)1 of the Alcoholic Beverages and Cannabis Article as enacted by Section 5 of this Act.~~

SECTION 16. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, on or before June 30, 2024, the Governor may transfer to the Maryland Cannabis Administration established under § 36-201 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 5 of this Act, any positions and the associated funds,

and any amount of the unexpended appropriation under the Alcohol and Tobacco Commission – Administration and Enforcement (E17A01.01), Alcohol and Tobacco Commission – Shared Services (E17A01.02), and Alcohol and Tobacco Commission – Cannabis Regulatory and Enforcement Division (E17A01.03) that was included in the fiscal year 2024 operating budget (House Bill 200 of the Acts of the General Assembly of 2023).

SECTION 17. AND BE IT FURTHER ENACTED, That, as soon as practicable after the effective date of this Act, the Alcohol, Tobacco, and Cannabis Commission and the Maryland Cannabis Administration shall enter into a memorandum of understanding that provides that both parties agree to collaborate in order to enforce the provisions of this Act with respect to unlicensed cannabis operations in the State.

SECTION 18. AND BE IT FURTHER ENACTED, That, notwithstanding § 1–309(c)(1) of the Alcoholic Beverages and Cannabis Article, as enacted by Section 5 of this Act, an individual serving as the Executive Director of the Alcohol and Tobacco Commission on the effective date of this Act may continue to serve as the Executive Director of the Alcohol, Tobacco, and Cannabis Commission.

SECTION ~~12.~~ ~~17.~~ 19. AND BE IT FURTHER ENACTED, That the publisher of the Annotated Code of Maryland, in consultation with and subject to the approval of the Department of Legislative Services, shall correct, with no further action required by the General Assembly, cross–references and terminology rendered incorrect by this Act. The publisher shall adequately describe any correction that is made in an editor’s note following the section affected.

SECTION ~~13.~~ ~~18.~~ 20. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three–fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

Approved by the Governor, May 3, 2023.

Amendment No. 3 to SB0378

Briggs

Signature of Sponsor

AMEND Senate Bill No. 378

House Bill No. 403*

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 43, Chapter 27, is amended by adding the following as a new part:

43-27-201.

The purpose of this part is to regulate the sale and distribution of products containing a hemp-derived cannabinoid.

43-27-202.

As used in this part, unless the context otherwise requires:

(1) "Batch" means a single stock keeping unit with common cannabinoid input or a hemp flower of the same varietal and harvested on the same date and manufactured during a defined cycle in such a way that it could be expected to be of a uniform character and should be designated as such;

(2) "Hemp-derived cannabinoid":

(A) Means:

(i) A cannabinoid other than delta-9 tetrahydrocannabinol, or an isomer derived from such cannabinoid, that is derived from hemp in a concentration of more than one-tenth of one percent (0.1%); or

(ii) A hemp-derived product containing delta-9 tetrahydrocannabinol in a concentration of three-tenths of one percent (0.3%) or less on a dry weight basis;

(B) Includes, but is not limited to:

(i) Delta-8 tetrahydrocannabinol;

(ii) Delta-10 tetrahydrocannabinol;

(iii) Hexahydrocannabinol;

(iv) Tetrahydrocannabiphorol (THCp);

(v) Tetrahydrocannabivarin (THCv); and

(vi) Tetrahydrocannabinolic acid (THCa); and

(C) Does not include:

(i) Cannabichromene (CBC/CBCa/CBCv);

(ii) Cannabicitran (CBT/CBTa);

(iii) Cannabicyclol (CBL/CBLa);

(iv) Cannabidiol (CBD/CBDa/CBDv/CBDp);

(v) Cannabielsoin (CBE/CBEa);

(vi) Cannabigerol (CBG/CBGa/CBGv/CBGm);

(vii) Cannabinol (CBN/CBNa);

(viii) Cannabivarin (CBV/CBVa);

(ix) Hemp-derived feed products allowed under title 44, chapter 6;

(x) Hemp-derived fiber, grain, or topical products; or

(xi) A substance that is categorized as a Schedule I controlled substance on or after July 1, 2023, including a substance that may be identified in subdivision (2)(B);

(3) "Manufacture" means to compound, blend, extract, infuse, cook, or otherwise make or prepare products containing a hemp-derived cannabinoid, including the processes of extraction, infusion, packaging, repackaging, labeling, and relabeling of products containing a hemp-derived cannabinoid;

(4) "Proof of age" means a valid driver license or other government-issued identification card that contains a photograph of the person and confirms the person's age as twenty-one (21) years of age or older;

(5) "Retailer" means a person or entity that sells products containing a hemp-derived cannabinoid for consumption and not for resale;

(6) "Serving" means a quantity of a hemp-derived cannabinoid product reasonably suitable for a single person's daily use; and

(7) "Supplier" means a person or entity that manufactures hemp-derived cannabinoids or sells products containing hemp-derived cannabinoids to retailers.

43-27-203.

(a)

(1) It is an offense for a person or entity to engage in the business of manufacturing, producing, or selling products containing a hemp-derived cannabinoid in this state without a valid license required by this part.

(2) A product containing a hemp-derived cannabinoid that is sold or offered for sale in violation of subdivision (a)(1) is subject to seizure and forfeiture pursuant to § 53-11-451.

(b)

(1) It is an offense to knowingly sell or distribute a product containing a hemp-derived cannabinoid without having first obtained proof of age from the purchaser or recipient.

(2) It is an offense for a person to knowingly sell or distribute a product containing a hemp-derived cannabinoid to a person who is under twenty-one (21) years of age or to purchase a product containing a hemp-derived cannabinoid on behalf of a person who is under twenty-one (21) years of age.

(3) It is an offense for a person to knowingly assist a person who is under twenty-one (21) years of age to purchase, acquire, receive, or attempt to purchase a product containing a hemp-derived cannabinoid.

(4) It is an offense for a person who is under twenty-one (21) years of age to knowingly purchase, possess, or accept receipt of a product containing a hemp-derived cannabinoid or to knowingly present purported proof of age that is false, fraudulent, or not actually that person's for the purpose of purchasing or receiving a product containing a hemp-derived cannabinoid.

(5) This subsection (b) does not preclude law enforcement efforts involving:

(A) The use of a minor if the minor's parent or legal guardian has consented to this action; or

(B) The use of a person under twenty-one (21) years of age who is not a minor if the individual has consented to this action.

(c) It is an offense to knowingly distribute samples of products containing a hemp-derived cannabinoid in or on a public street, sidewalk, or park.

(d) A violation of this section is a Class A misdemeanor.

(e) Notwithstanding this part to the contrary and except as provided in § 43-27-205, state and local law enforcement officers have concurrent jurisdiction to enforce violations of this section and § 43-27-204.

43-27-204.

(a) As used in this section:

(1) "Counter" means the point of purchase at a retail establishment; and

(2) "Retail establishment" means a place of business open to the general public for the sale of goods or services and does not include a place of business for which entry is limited to persons twenty-one (21) years of age or older.

(b) A product containing a hemp-derived cannabinoid must be maintained behind the counter of a retail establishment in an area inaccessible to a customer.

(c) A violation of this section is a Class A misdemeanor.

43-27-205.

(a) The department of agriculture is responsible for:

(1) Issuing licenses to suppliers and retailers under this part;

(2) Overseeing the manufacture and distribution of hemp-derived cannabinoid products by licensed suppliers, including ensuring compliance with labeling, product testing, and transportation requirements and conducting necessary inspections, prior to a product's delivery or sale to a retailer; and

(3) Conducting random, unannounced inspections at locations where hemp-derived cannabinoids and products containing hemp-derived cannabinoids are manufactured, distributed, or sold to ensure compliance with this part.

(b) The department of revenue:

(1) Is responsible for ensuring retailers are in compliance with this part and applicable tax provisions under title 67, including § 67-6-232;

(2) Shall enforce this part in a manner that may reasonably be expected to reduce the extent to which non-compliant hemp-derived cannabinoid products are sold and shall conduct random, unannounced inspections at retail locations where such products are sold to ensure compliance with this part. The

department of revenue shall determine the frequency of random, unannounced inspections required under this subdivision (b)(2); and

(3) Is authorized to confiscate non-compliant hemp-derived cannabinoid products as contraband in the manner described in title 53, chapter 11. All products that the department of revenue confiscates under this subdivision (b)(3) are subject to seizure and forfeiture pursuant to § 53-11-451.

(c) Each department shall submit an annual report to the general assembly describing in detail the department's compliance and enforcement efforts under this part. The report must also be published and made available to the public on each department's website.

43-27-206.

(a) A person or entity that is in the business of manufacturing or selling products containing a hemp-derived cannabinoid in this state, including as a supplier or retailer, must obtain a license from the department of agriculture authorizing the person or entity to engage in that business prior to the commencement of business or by July 1, 2024, whichever is later.

(b)

(1) In order to obtain and maintain a supplier or retailer license under subsection (a), a person must:

(A) Submit to the department of agriculture information prescribed by rules as necessary for the efficient enforcement of this part;

(B) Pay to the department of agriculture a fee of five hundred dollars (\$500) for supplier or two hundred fifty dollars (\$250) per retailer per location;

(C) Consent to reasonable inspection and sampling by the department of agriculture, or the department of revenue as applicable, of

the person's inventory of products containing a hemp-derived cannabinoid; and

(D) Submit to a criminal history background check that includes fingerprint checks against state and federal criminal records maintained by the Tennessee bureau of investigation and the federal bureau of investigation.

(2) A person is not eligible to obtain or maintain a supplier or retailer license while serving a sentence for, or for ten (10) years following the date of conviction for, a drug-related felony offense in any state or federal jurisdiction.

(3)

(A) A retail location that is within one thousand feet (1,000') of a private school, public school, or charter school that serves any grades from kindergarten through grade twelve (K-12) shall not sell products containing a hemp-derived cannabinoid, unless the applicant provides the department with documentation that establishes that products containing a hemp-derived cannabinoid were being offered for sale at retail at such location on December 31, 2023.

(B) The department shall accept business records, photographs, and video recordings as documentation for purposes of determining whether an applicant qualifies for the exception in subdivision (b)(3)(A).

(C) For the purposes of subdivision (b)(3)(A), measurements shall be made in a straight line in all directions, without regard to intervening structures or objects, from the nearest point on the property line of a parcel containing a retail establishment to the nearest point on the property line of a parcel containing a private school, public school, or charter school that serves any grades from kindergarten through grade twelve (K-12).

(c) A license issued pursuant to this section is valid for a period of one (1) year and may be renewed annually. The department of agriculture shall charge an annual renewal fee equal to the initial licensing fee.

(d) The department of agriculture is authorized to:

(1) Determine requirements for and issue licenses for the manufacture or sale of products containing a hemp-derived cannabinoid in this state; and

(2) Deny or revoke licenses and issue civil penalties in the following manner for each violation of this part, or a rule promulgated pursuant to this part, as follows:

(A) One thousand dollars (\$1,000) for a first violation;

(B) Two thousand five hundred dollars (\$2,500) for a second violation that occurs within two (2) years of the first violation;

(C) Five thousand dollars (\$5,000) for a third violation that occurs within two (2) years of the first violation;

(D) Revocation of the license for a fourth violation that occurs within two (2) years of the first violation; and

(E) Require retraining of all employees of the licensee under the supervision of the department in addition to the civil penalty imposed pursuant to subdivisions (d)(2)(A)-(C).

(e) The revenue collected from fees established under subdivision (b)(1)(B) must be deposited in the Tennessee agriculture regulatory fund, created by § 43-1-701, and used exclusively for the administration of this part.

43-27-207.

(a) Testing of products and substances must be conducted as follows:

(1) Full-panel testing on all active cannabinoid molecules must be conducted prior to final production of products containing a hemp-derived cannabinoid; and

(2) A potency test must be conducted on finished goods to confirm potency is consistent with stated potency on the packaging.

(b)

(1) A supplier or retailer must contract with a third-party laboratory to provide the testing required by subsection (a).

(2) The department of agriculture is authorized to promulgate rules specifying which types of tests may be used to satisfy the requirements of subsection (a) and the qualifications for laboratories from which the department will accept test results.

(c) Each batch manufactured must undergo testing and obtain a certificate of analysis by a third-party laboratory qualified under subsection (b).

(d) The department of agriculture shall:

(1) Promulgate rules specifying pass/fail action levels for safety and toxicity with respect to the testing required by subsection (a);

(2) Maintain and post on its website a registry of testing laboratories that are qualified to test intermediate manufactured material and finished products containing a hemp-derived cannabinoid;

(3) Develop an application and process by which qualifying laboratories are listed on its website. The application submitted by a potentially qualifying laboratory must include a sample certificate of analysis issued by the applying laboratory; and

(4) Sample and analyze products containing a hemp-derived cannabinoid produced, distributed, or offered for sale in this state for cannabinoid concentrations, tested according to protocols prescribed by rule under this part. Departmental testing methods must employ liquid chromatography tandem mass spectrometry, in a manner similarly reliable to post-decarboxylation, to determine a cannabinoid profile of samples tested, including their THC concentrations.

43-27-208.

(a) Except as provided in subsection (b), a person transporting products containing a hemp-derived cannabinoid into, within, or through this state shall carry:

(1) Documentation sufficient to prove that the products being shipped or transported:

(A) Were produced from hemp that was lawfully produced under a state or tribal hemp plan approved by the United States department of agriculture, under a hemp license issued by the United States department of agriculture, or otherwise in accordance with federal regulations through the state or territory of the Indian tribe, as applicable; and

(B) Do not exceed the cannabinoid limits for hemp-derived cannabinoids; and

(2) A bill of lading that includes:

(A) Name and address of the owner of the products;

(B) Point of origin;

(C) Point of delivery, including name and address;

(D) Kind and quantity of packages or, if in bulk, the total quantity of products in the shipment; and

(E) Date of shipment.

(b) Subsection (a) does not apply to a person in possession of products containing a hemp-derived cannabinoid that were purchased from a retailer that is licensed under this part.

43-27-209.

(a) A product containing a hemp-derived cannabinoid that is sold at retail must:

(1) Satisfy the child-resistant effectiveness standards under 16 CFR 1700.15(b)(1) when tested in accordance with the requirements of 16 CFR 1700.20; and

(2) Be labeled with:

(A) A list of ingredients and possible allergens and a nutritional fact panel;

(B) A warning statement concerning the risk of impairment from consumption of the product, keeping the product out of the reach of children, and other warning information as required by rule of the department of agriculture;

(C) If the product is ingestible, the amount of cannabinoid in each serving of the product, measured in milligrams;

(D) The total amount of hemp-derived cannabinoid in the entire package, measured in milligrams;

(E) The net weight of the product;

(F) A quick response (QR) code that can be scanned to access a website providing the product's batch number, date received, date of completion, method of analysis for the testing report required under § 43-27-207, including information regarding results of the product's full-panel and potency tests conducted pursuant to § 43-27-207(a); and

(G) An expiration date.

(b) A person who obtains a product containing a hemp-derived cannabinoid that is sold at retail shall store any unconsumed portion of the product in its original packaging. It is a Class C misdemeanor offense for a person to violate this subsection (b).

(c) A retailer or supplier of a product containing a hemp-derived cannabinoid shall not advertise, market, or offer for sale a product containing a hemp-derived cannabinoid by using, in the labeling or design of the product or product packaging or in advertising or marketing materials for the product trade dress, trademarks, branding, or other related imagery or scenery that depicts or signifies characters or symbols known to

appeal primarily to persons under twenty-one (21) years of age, including, but not limited to, superheroes, comic book characters, video game characters, television show characters, movie characters, and unicorns or other mythical creatures.

(d) An ingestible product containing a hemp-derived cannabinoid shall not:

(1) Be sold in a serving that contains more than twenty-five (25) milligrams, in the aggregate, of one (1) or more hemp-derived cannabinoids; or

(2) Be formed into the shape of an animal or cartoon character.

(e) The department of agriculture is authorized to promulgate rules for the packaging, labeling, and display of products containing a hemp-derived cannabinoid that are offered for sale in this state.

43-27-210.

(a) This part does not permit a person to:

(1) Undertake any task under the influence of a hemp-derived cannabinoid when doing so would constitute negligence or professional malpractice; or

(2) Operate, navigate, or be in actual physical control of a motor vehicle, aircraft, motorized watercraft, or any other vehicle while under the influence of a hemp-derived cannabinoid.

(b) This part does not require:

(1) An employer to accommodate the use of a hemp-derived cannabinoid in a workplace or an employee working while under the influence of a hemp-derived cannabinoid;

(2) An individual or establishment in lawful possession of property to allow a guest, client, customer, or other visitor to use a hemp-derived cannabinoid on or in that property; or

(3) An individual or establishment in lawful possession of property to admit a guest, client, customer, or other visitor who is impaired as a result of the person's use of a hemp-derived cannabinoid.

(c) This part does not exempt a person from prosecution for a criminal offense related to impairment or intoxication resulting from use of a hemp-derived cannabinoid or relieve a person from any requirement under law to submit to a breath, blood, urine, or other test to detect the presence of a controlled substance.

(d) This part does not:

(1) Limit the ability of an employer to establish, continue, or enforce a drug-free workplace program or policy;

(2) Create a cause of action against an employer for wrongful discharge or discrimination; or

(3) Allow the possession, sale, manufacture, or distribution of any substance that is otherwise prohibited by title 39, chapter 17, part 4.

43-27-211.

The departments of agriculture and revenue are authorized to promulgate rules to effectuate this part in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 2. Tennessee Code Annotated, Section 53-11-451(a), is amended by adding the following as a new subdivision:

(8) All products containing a hemp-derived cannabinoid that are manufactured, transported, packaged, labeled, displayed, distributed as samples, offered for sale, or sold in violation of title 43, chapter 27, part 2.

SECTION 3. Tennessee Code Annotated, Section 53-11-451(b), is amended by adding the following language immediately after the first sentence in the subdivision:

Property subject to forfeiture under title 43, chapter 27, part 2, may be seized by the director of the Tennessee bureau of investigation or the director's authorized

representative, agent, or employee; the commissioner of safety or the commissioner's authorized representative, agent, or employee; the commissioner of agriculture or the commissioner's authorized representative, agent, or employee; the commissioner of revenue or the commissioner's authorized representative, agent, or employee; or a sheriff, deputy sheriff, municipal law enforcement officer, campus police officer as defined in § 49-7-118, internal affairs director or internal affairs special agent of the department of correction, or constable upon process issued by any circuit or criminal court having jurisdiction over the property.

SECTION 4. Tennessee Code Annotated, Section 53-11-451(k), is amended by deleting the language "subdivisions (a)(1) and (7)" and substituting "subdivisions (a)(1), (7), and (8)".

SECTION 5. Tennessee Code Annotated, Title 67, Chapter 6, Part 2, is amended by adding the following as a new section:

67-6-232.

(a) For the exercise of the privilege of engaging in the business of selling products containing a hemp-derived cannabinoid in this state pursuant to title 43, chapter 27, part 2, there is levied an additional tax at the rate of six percent (6%) of the sales price of products containing a hemp-derived cannabinoid when sold at retail in this state.

(b) The tax levied under this section is due and payable monthly on the first day of each month, and for the purpose of ascertaining the amount of tax payable under this section, all retailers making taxable sales on or before the twentieth day of each month shall transmit to the commissioner of revenue, upon forms prescribed by the commissioner, returns showing gross sales during the preceding month.

(c) All revenue generated from the tax levied pursuant to subsection (a) must be deposited into a special account in the state general fund, with fifty percent (50%) being allocated to the department of revenue and fifty percent (50%) being allocated to the

department of agriculture, to be used exclusively for the regulation of products containing a hemp-derived cannabinoid in this state.

SECTION 6. For purposes of promulgating rules or forms, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes:

(1) Sections 43-27-202, 43-27-203(b)-(e), 43-27-204, and SECTION 5 take effect July 1, 2023, the public welfare requiring it;

(2) For purposes of requiring the department of revenue to ensure that retailers are in compliance with applicable tax provisions, Section 43-27-205(b)(1) takes effect July 1, 2023; and

(3) All other sections take effect July 1, 2024, the public welfare requiring it.

VIRGINIA ACTS OF ASSEMBLY -- 2023 RECONVENED SESSION

CHAPTER 744

An Act to amend and reenact §§ 3.2-4112, 3.2-4113, 3.2-4114, 3.2-4114.2, 3.2-4115, 3.2-4116, 3.2-4118, 3.2-4119, 3.2-4121, 3.2-5100, 3.2-5145.1, 3.2-5145.2:1, 3.2-5145.4, 3.2-5145.5, 4.1-600, 18.2-247, 18.2-251.1:3, 18.2-371.2, 54.1-3401, 54.1-3408.3, 54.1-3423, 54.1-3442.6, 54.1-3442.7, 54.1-3443, 54.1-3446, 59.1-200, 59.1-203, and 59.1-206 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 41.1 of Title 3.2 an article numbered 4, consisting of sections numbered 3.2-4122 through 3.2-4126, and by adding a section numbered 3.2-5145.4:1, relating to tetrahydrocannabinol; industrial hemp; regulated hemp products.

[S 903]

Approved April 12, 2023

Be it enacted by the General Assembly of Virginia:

1. That §§ 3.2-4112, 3.2-4113, 3.2-4114, 3.2-4114.2, 3.2-4115, 3.2-4116, 3.2-4118, 3.2-4119, 3.2-4121, 3.2-5100, 3.2-5145.1, 3.2-5145.2:1, 3.2-5145.4, 3.2-5145.5, 4.1-600, 18.2-247, 18.2-251.1:3, 18.2-371.2, 54.1-3401, 54.1-3408.3, 54.1-3423, 54.1-3442.6, 54.1-3442.7, 54.1-3443, 54.1-3446, 59.1-200, 59.1-203, and 59.1-206 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 41.1 of Title 3.2 an article numbered 4, consisting of sections numbered 3.2-4122 through 3.2-4126, and by adding a section numbered 3.2-5145.4:1 as follows:

Article 1.

General Provisions.

§ 3.2-4112. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Cannabis sativa product" means a product made from any part of the plant *Cannabis sativa* with a concentration of tetrahydrocannabinol that is greater than that allowed by federal law.

"Deal" means to temporarily possess industrial hemp grown in compliance with state or federal law that (i) has not been processed and (ii) was not grown and will not be processed by the person temporarily possessing it.

"Dealer" means any person who is registered pursuant to subsection A of § 3.2-4115 to deal in industrial hemp. "Dealer" does not include a retail establishment that sells or offers for sale a hemp product.

"Dealership" means the location at which a dealer stores or intends to store the industrial hemp in which he deals.

"Edible hemp product" means any hemp product that is or includes an industrial hemp extract, as defined in § 3.2-5145.1, and that is intended to be consumed orally.

"Federally licensed hemp producer" means a person who holds a hemp producer license issued by the U.S. Department of Agriculture pursuant to 7 C.F.R. Part 990.

"Grow" means to plant, cultivate, or harvest a plant or crop.

"Grower" means any person registered pursuant to subsection A of § 3.2-4115 to grow industrial hemp.

"Handle" means to temporarily possess industrial hemp grown in compliance with state or federal law that (i) has not been processed and (ii) was not grown by and will not be processed by the person temporarily possessing it.

"Handler" means any person who is registered pursuant to subsection A of § 3.2-4115 to handle industrial hemp. "Handler" does not include a retail establishment that sells or offers for sale a hemp product.

"Handler's storage site" means the location at which a handler stores or intends to store the industrial hemp he handles.

"Hemp product" means a product, including any raw materials from industrial hemp that are used for or added to a food or beverage product, that (i) contains industrial hemp and has completed all stages of processing needed for the product and (ii) when offered for retail sale (a) contains a total tetrahydrocannabinol concentration of no greater than 0.3 percent and (b) contains either no more than two milligrams of total tetrahydrocannabinol per package or an amount of cannabidiol that is no less than 25 times greater than the amount of total tetrahydrocannabinol per package.

"Hemp product intended for smoking" means any hemp product intended to be consumed by inhalation.

"Industrial hemp" means any part of the plant *Cannabis sativa*, including seeds thereof, whether growing or not, with a concentration of tetrahydrocannabinol that is no greater than that allowed by federal law. "Industrial hemp" includes an industrial hemp extract that has not completed all stages of processing needed to convert the extract into a hemp product.

"Process" means to convert industrial hemp into a hemp product.

"Processor" means a person registered pursuant to subsection A of § 3.2-4115 to process industrial hemp.

"Process site" means the location at which a processor processes or intends to process industrial hemp.

"Production field" means the land or area on which a grower or a federally licensed hemp producer is growing or intends to grow industrial hemp.

"Regulated hemp product" means a hemp product intended for smoking or an edible hemp product.

"Tetrahydrocannabinol" means any naturally occurring or synthetic tetrahydrocannabinol, including its salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation and any preparation, mixture, or substance containing, or mixed or infused with, any detectable amount of tetrahydrocannabinol. For the purposes of this definition, "isomer" means the optical, position, and geometric isomers.

"Topical hemp product" means a hemp product that (i) is intended to be rubbed, poured, sprinkled, or sprayed on or otherwise applied to the human body or any part thereof and (ii) is not intended to be consumed orally or by inhalation.

"Total tetrahydrocannabinol" means the sum, after the application of any necessary conversion factor, of the percentage by weight of tetrahydrocannabinol and the percentage by weight of tetrahydrocannabinolic acid.

Article 2.

Industrial Hemp Crop Production, Handling, and Processing.

§ 3.2-4113. Production of industrial hemp lawful.

A. It is lawful for a grower, his agent, or a federally licensed hemp producer to grow, a ~~dealer handler~~ or his agent to ~~deal in~~ handle, or a processor or his agent to process industrial hemp in the Commonwealth for any lawful purpose. No federally licensed hemp producer or grower or his agent shall be prosecuted under Chapter 11 (§ 4.1-1100 et seq.) of Title 4.1 or § 18.2-247, 18.2-248, 18.2-248.01, 18.2-248.1, or 18.2-250 for the possession or growing of industrial hemp or any Cannabis sativa with a tetrahydrocannabinol concentration that does not exceed the total ~~delta-9~~ tetrahydrocannabinol concentration percentage established in federal regulations applicable to negligent violations located at 7 C.F.R. § 990.6(b)(3). No ~~dealer handler~~ or his agent or processor or his agent shall be prosecuted under Chapter 11 (§ 4.1-1100 et seq.) of Title 4.1 or § 18.2-247, 18.2-248, 18.2-248.01, 18.2-248.1, or 18.2-250 or issued a summons or judgment for the possession, ~~dealing~~ handling, or processing of industrial hemp. In any complaint, information, or indictment, and in any action or proceeding brought for the enforcement of any provision of Article 1 (§ 18.2-247 et seq.) of Chapter 7 of Title 18.2 or the Drug Control Act (§ 54.1-3400 et seq.), it shall not be necessary to negate any exception, excuse, proviso, or exemption contained in this ~~chapter~~ article or the Drug Control Act, and the burden of proof of any such exception, excuse, proviso, or exemption shall be on the defendant.

B. Nothing in this ~~chapter~~ article shall be construed to authorize any person to violate any federal law or regulation.

C. No person shall be prosecuted under Chapter 11 (§ 4.1-1100 et seq.) of Title 4.1 or § 18.2-247, 18.2-248, 18.2-248.01, 18.2-248.1, or 18.2-250 for the involuntary growth of industrial hemp through the inadvertent natural spread of seeds or pollen as a result of proximity to a production field, ~~dealership handler's storage site~~, or process site.

§ 3.2-4114. Regulations.

A. The Board may adopt regulations pursuant to this ~~chapter~~ article as necessary to register persons to grow, ~~deal in~~ handle, or process industrial hemp or implement the provisions of this ~~chapter~~ article.

B. Upon publication by the U.S. Department of Agriculture in the Federal Register of any final rule regarding industrial hemp that materially expands opportunities for growing, producing, or ~~dealing in~~ handling industrial hemp in the Commonwealth, the Board shall immediately adopt amendments conforming Department regulations to such federal final rule. Such adoption of regulations by the Board shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).

§ 3.2-4114.2. Authority of Commissioner; notice to law enforcement; report.

A. The Commissioner may charge a nonrefundable fee not to exceed \$250 for any application for registration or renewal of registration allowed under this ~~chapter~~ article. The Commissioner may charge a nonrefundable fee for the tetrahydrocannabinol testing allowed under this ~~chapter~~ article. All fees collected by the Commissioner shall be deposited in the state treasury.

B. The Commissioner shall adopt regulations establishing a fee structure for a registration issued pursuant to § 3.2-4115. With the exception of § 2.2-4031, no provision of the Administrative Process Act (§ 2.2-4000 et seq.) or public participation guideline adopted pursuant thereto shall apply to the adoption of any regulation pursuant to this subsection. However, prior to adopting any regulation pursuant to this subsection, the Commissioner shall review the recommendation of an advisory panel that shall consider the economic impact of any proposed fee amount on the Commonwealth's industrial hemp industry. The advisory panel shall, at a minimum, include (i) an agribusiness representative or organization, (ii) a farming representative or organization, and (iii) a hemp industry representative or

organization. Prior to adopting any regulation pursuant to this subsection, the Commissioner shall publish a notice of opportunity to comment in the Virginia Register of Regulations and post the action on the Virginia Regulatory Town Hall. Such notice shall contain (a) a summary of the proposed regulation; (b) the text of the proposed regulation; and (c) the name, address, and telephone number of the agency contact person responsible for receiving public comments. Such notice shall be made at least 60 days in advance of the last date prescribed in such notice of submittals of public comment. The legislative review provisions of subsections A and B of § 2.2-4014 shall apply to the promulgation or final adoption process of regulations pursuant to this subsection. The Commissioner shall consider and keep on file all public comments received for any regulation adopted pursuant to this subsection.

C. The Commissioner may establish an application period for a registration or renewal of registration allowed under this ~~chapter~~ *article*.

D. The Commissioner shall notify the Superintendent of State Police of each registration issued by the Commissioner under this ~~chapter~~ *article* and each license submitted to the Commissioner by a federally licensed hemp producer.

E. The Commissioner shall forward a copy or appropriate electronic record of each registration issued by the Commissioner under this ~~chapter~~ *article* and each license submitted to the Commissioner by a federally licensed hemp producer to the chief law-enforcement officer of the county or city where industrial hemp will be grown, ~~dealt~~ *handled*, or processed.

F. The Commissioner may monitor the industrial hemp grown, ~~dealt~~ *handled*, or processed by a person registered pursuant to ~~subsection A of~~ § 3.2-4115 and provide for random sampling and testing of the industrial hemp in accordance with any criteria established by the Commissioner and at the cost of the grower, ~~dealer~~ *handler*, or processor, for compliance with tetrahydrocannabinol limits and for other appropriate purposes established pursuant to § 3.2-4114. In addition to any routine inspection and sampling, the Commissioner may inspect and sample the industrial hemp at any production field, ~~dealership~~ *handler's storage site*, or process site during normal business hours without advance notice if he has reason to believe a violation of this ~~chapter~~ *article* is occurring or has occurred.

G. The Commissioner may require a grower, ~~dealer~~ *handler*, or processor to destroy, at the cost of the grower, ~~dealer~~ *handler*, or processor and in a manner approved of and verified by the Commissioner, any Cannabis sativa that the grower grows, ~~in which the dealer deals the handler handles~~, or ~~that~~ the processor processes that has been tested and is found to have a concentration of tetrahydrocannabinol that is greater than that allowed by federal law, or any Cannabis sativa product that the processor produces.

H. Notwithstanding the provisions of subsection G, if the provisions of subdivisions 1 and 2 are included in a plan that (i) is submitted by the Department pursuant to § 10113 of the federal Agriculture Improvement Act of 2018, P.L. 115-334, (ii) requires the Department to monitor and regulate the production of industrial hemp in the Commonwealth, and (iii) is approved by the U.S. Secretary of Agriculture:

1. The Commissioner may require a grower, ~~dealer~~ *handler*, or processor to destroy, at the cost of the grower, ~~dealer~~ *handler*, or processor and in a manner approved of and verified by the Commissioner, any Cannabis sativa that the grower grows, ~~in which the dealer deals the handler handles~~, or ~~that~~ the processor processes that has been tested and is found to have a concentration of tetrahydrocannabinol that is greater than 0.6 percent.

2. If such a test of Cannabis sativa indicates a concentration of tetrahydrocannabinol that is greater than 0.6 percent but less than one percent, the Commissioner shall allow the grower, ~~dealer~~ *handler*, or processor to request that the Cannabis sativa be sampled and tested again before he requires its destruction.

I. The Commissioner shall advise the Superintendent of State Police or the chief law-enforcement officer of the appropriate county or city when, with a culpable mental state greater than negligence, a grower grows, a ~~dealer~~ *deals in a handler handles*, or a processor processes any Cannabis sativa with a concentration of tetrahydrocannabinol that is greater than that allowed by federal law or a processor produces a Cannabis sativa product.

J. The Commissioner may pursue any permits or waivers from the U.S. Drug Enforcement Administration or appropriate federal agency that he determines to be necessary for the advancement of the industrial hemp industry.

K. The Commissioner may establish a corrective action plan to address a negligent violation of any provision of this ~~chapter~~ *article*.

§ 3.2-4115. Issuance of registrations; exemption.

A. The Commissioner shall establish a registration program to allow a person to grow, ~~deal in~~ *handle*, or process industrial hemp in the Commonwealth.

B. Any person seeking to grow, ~~deal in~~ *handle*, or process industrial hemp in the Commonwealth shall apply to the Commissioner for a registration on a form provided by the Commissioner. At a minimum, the application shall include:

1. The name and mailing address of the applicant;
2. The legal description and geographic data sufficient for locating (i) the land on which the

applicant intends to grow industrial hemp, (ii) the site at which the applicant intends to ~~deal in~~ *handle* industrial hemp, or (iii) the site at which the applicant intends to process industrial hemp. A registration shall authorize industrial hemp growth, ~~dealing in~~ *handling*, or processing only at the location specified in the registration;

3. A signed statement indicating whether the applicant has ever been convicted of a felony. A person with a prior felony drug conviction within 10 years of applying for a registration under this section shall not be eligible to be registered;

4. Written consent allowing the sheriff's office, police department, or Department of State Police, if a registration is ultimately issued to the applicant, to enter the premises on which the industrial hemp is grown, ~~dealt in~~ *handled*, or processed to conduct physical inspections of the industrial hemp and to ensure compliance with the requirements of this ~~chapter~~ *article*. No more than two physical inspections shall be conducted under this subdivision per year, unless a valid search warrant for an inspection has been issued by a court of competent jurisdiction;

5. Written consent allowing the Commissioner or his designee to enter the premises on which the industrial hemp is grown, ~~dealt in~~ *handled*, or processed to conduct inspections and sampling of the industrial hemp to ensure compliance with the requirements of this ~~chapter~~ *article*;

6. A statement of the approximate square footage or acreage of the location he intends to use as a production field, ~~dealership~~ *handler's storage site*, or process site;

7. Any other information required by the Commissioner; and

8. The payment of a nonrefundable application fee, in an amount set by the Commissioner.

C. Each registration issued pursuant to this section shall be valid for a period of one year from the date of issuance and may be renewed in successive years. Each annual renewal shall require the payment of a registration renewal fee, in an amount set by the Commissioner.

D. All records, data, and information filed in support of a registration application submitted pursuant to this section and all information on a hemp producer license issued by the U.S. Department of Agriculture submitted to the Commissioner pursuant to this section shall be considered proprietary and excluded from the provisions of the Virginia Freedom of Information Act (§ 2.2-3700 et seq.).

E. Notwithstanding the provisions of subsection B, no federally licensed hemp producer shall be required to apply to the Commissioner for a registration to grow industrial hemp in the Commonwealth. Each federally licensed hemp producer shall submit to the Commissioner a copy of his hemp producer license issued by the U.S. Department of Agriculture pursuant to 7 C.F.R. Part 990.

§ 3.2-4116. Registration conditions.

A. A person who is not a federally licensed hemp producer shall obtain a registration pursuant to subsection A of § 3.2-4115 prior to growing, ~~dealing in~~ *handling*, or processing any industrial hemp in the Commonwealth.

B. A person issued a registration pursuant to subsection A of § 3.2-4115 shall:

1. Maintain records that reflect compliance with this ~~chapter~~ *article*;

2. Retain all industrial hemp growing, ~~dealing~~ *handling*, or processing records for at least three years;

3. Allow his production field, ~~dealership~~ *handler's storage site*, or process site to be inspected by and at the discretion of the Commissioner or his designee, the Department of State Police, or the chief law-enforcement officer of the locality in which the production field, or ~~dealership~~ *handler's storage site*, or process site exists;

4. Allow the Commissioner or his designee to monitor and test the grower's, ~~dealer's~~ *handler's*, or processor's industrial hemp for compliance with tetrahydrocannabinol levels and for other appropriate purposes established pursuant to § 3.2-4114, at the cost of the grower, ~~dealer~~ *handler*, or processor; and

5. If required by the Commissioner, destroy, at the cost of the grower, ~~dealer~~ *handler*, or processor and in a manner approved of and verified by the Commissioner, any Cannabis sativa that the grower grows, the ~~dealer deals in~~ *handler handles*, or the processor processes that has been tested and, following any re-sampling and retesting as authorized pursuant to the provisions of § 3.2-4114.2, is found to have a concentration of tetrahydrocannabinol that is greater than that allowed by federal law, or any Cannabis sativa product that the processor produces.

C. A processor shall not sell industrial hemp or a substance containing an industrial hemp extract, as defined in § 3.2-5145.1, to a person if the processor knows or has reason to know that such person will use the industrial hemp or substance containing an industrial hemp extract in a substance that (i) contains a total tetrahydrocannabinol concentration that is greater than 0.3 percent or (ii) contains more than two milligrams of total tetrahydrocannabinol per package and does not contain an amount of cannabidiol that is at least 25 times greater than the amount of total tetrahydrocannabinol per package.

§ 3.2-4118. Forfeiture of industrial hemp grower, handler, or processor registration; violations.

A. The Commissioner shall deny the application, or suspend or revoke the registration, of any person who, with a culpable mental state greater than negligence, violates any provision of this ~~chapter~~ *article*. The Commissioner shall provide reasonable notice of an informal fact-finding conference pursuant to § 2.2-4019 to any person in connection with the denial, suspension, or revocation of a registration.

B. If a registration is revoked as the result of an informal hearing, the decision may be appealed, and upon appeal an administrative hearing shall be conducted in accordance with the Administrative Process

Act (§ 2.2-4000 et seq.). The grower, ~~dealer~~ *handler*, or processor may appeal a final order to the circuit court in accordance with the Administrative Process Act.

C. A person issued a registration pursuant to ~~subsection A of~~ § 3.2-4115 who negligently (i) fails to provide a description and geographic data sufficient for locating his production field, ~~dealership~~ *handler's storage site*, or process site; (ii) grows, ~~deals in~~ *handles*, or processes Cannabis sativa with a tetrahydrocannabinol concentration greater than that allowed by federal law; or (iii) produces a Cannabis sativa product shall comply with any corrective action plan established by the Commissioner in accordance with the provisions of subsection E. The Commissioner shall not deem a grower negligent if such grower makes reasonable efforts to grow industrial hemp and grows Cannabis sativa with a tetrahydrocannabinol concentration that does not exceed the total ~~delta-9~~ tetrahydrocannabinol concentration percentage established in federal regulations applicable to negligent violations located at 7 C.F.R. § 990.6(b)(3).

D. A person who grows, ~~deals in~~ *handles*, or processes industrial hemp and who negligently fails to register pursuant to ~~subsection A of~~ § 3.2-4115 shall comply with any corrective action plan established by the Commissioner in accordance with the provisions of subsection E.

E. A corrective action plan established by the Commissioner in response to a negligent violation of a provision of this ~~chapter~~ *article* shall identify a reasonable date by which the person who is the subject of the plan shall correct the negligent violation and shall require such person to report periodically for not less than two calendar years to the Commissioner on the person's compliance with the provisions of this ~~chapter~~ *article*.

F. No person who negligently violates the provisions of this ~~chapter~~ *article* three times in a five-year period shall be eligible to grow, ~~deal in~~ *handle*, or process industrial hemp for a period of five years beginning on the date of the third violation.

§ 3.2-4119. Eligibility to receive tobacco settlement funds.

Industrial hemp growers, ~~dealers~~ *handlers*, or processors registered under this ~~chapter~~ *article* or federally licensed hemp producers may be eligible to receive funds from the Tobacco Indemnification and Community Revitalization Fund established pursuant to § 3.2-3106.

Article 3.

Virginia Industrial Hemp Fund.

§ 3.2-4121. Virginia Industrial Hemp Fund.

There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia Industrial Hemp Fund, hereafter referred to as "the Fund," *for the purposes of this article*. The Fund shall be established on the books of the Comptroller. All moneys levied and collected under the provisions of this chapter shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used by the Department solely for carrying out the purposes of this chapter. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Commissioner.

Article 4.

Regulated Hemp Products.

§ 3.2-4122. Regulated hemp product retail facility registration; fee.

A. *No person shall offer for sale or sell at retail (i) a regulated hemp product or (ii) a substance intended for human consumption, orally or by inhalation, that is advertised or labeled as containing an industrial hemp-derived cannabinoid without a regulated hemp product retail facility registration.*

B. *A nonrefundable annual registration fee of \$1,000 shall be required with each application for a regulated hemp product retail facility registration.*

C. *Each registration issued pursuant to this section shall be valid for a period of one year from the date of issuance and may be renewed in successive years. Each annual renewal shall require the payment of the nonrefundable annual registration fee prescribed in subsection B.*

D. *A regulated hemp product retail facility registration shall be required for each location that offers for sale or sells at retail regulated hemp products.*

E. *Any person seeking a regulated hemp product retail facility registration shall apply to the Commissioner on a form provided by the Commissioner. At a minimum, the application shall include:*

- 1. The name and mailing address of the applicant;*
- 2. The physical address of the facility from which the applicant intends to offer for sale or sell at retail a regulated hemp product. A registration shall authorize the offering for sale or sale of regulated hemp products only at the location specified in the registration;*
- 3. Written consent allowing the Commissioner or his designee to enter the location from which the regulated hemp product is offered for sale or sold to ensure compliance with the requirements of this article;*
- 4. If the applicant intends to offer for sale or sell an edible hemp product, a copy of the permit issued by the Commissioner pursuant to § 3.2-5100;*
- 5. Any other information required by the Commissioner; and*

6. *The payment of a nonrefundable application fee.*

F. This section shall not apply to products that are (i) approved for marketing by the U.S. Food and Drug Administration and scheduled in the Drug Control Act (§ 54.1-3400 et seq.) or (ii) dispensed pursuant to Article 4.2 (§ 54.1-3442.5 et seq.) of the Drug Control Act.

§ 3.2-4123. Product packaging, labeling, and testing.

A. No person shall offer for sale or sell at retail a regulated hemp product unless the product is:

1. Contained in child-resistant packaging, as defined in § 4.1-600, if the product contains tetrahydrocannabinol;

2. Equipped with a label that states, in English and in a font no less than 1/16 of an inch, (i) all ingredients contained in the substance; (ii) the amount of such substance that constitutes a single serving; (iii) the total percentage and milligrams of all tetrahydrocannabinols included in the substance and the total number of milligrams of all tetrahydrocannabinols that are contained in each serving; and (iv) if the substance contains tetrahydrocannabinol, that the product may not be sold to persons younger than 21 years of age; and

3. Accompanied by a certificate of analysis, produced by an independent laboratory that is accredited pursuant to standard ISO/IEC 17025 of the International Organization for Standardization by a third-party accrediting body, that states the total tetrahydrocannabinol concentration of the substance or the total tetrahydrocannabinol concentration of the batch from which the substance originates. The certificate of accreditation to standard ISO/IEC 17025 issued by the third-party accrediting body to the independent laboratory shall be available for review at the location at which the regulated hemp product is offered for sale or sold.

This subsection shall not (i) apply to products that are approved for marketing by the U.S. Food and Drug Administration and scheduled in the Drug Control Act (§ 54.1-3400 et seq.) or (ii) be construed to prohibit any conduct permitted under Article 4.2 (§ 54.1-3442.5 et seq.) of Chapter 34 of Title 54.1.

B. No person shall offer for sale or sell a regulated hemp product that depicts or is in the shape of a human, animal, vehicle, or fruit.

C. No person shall offer for sale or sell a regulated hemp product that, without authorization, bears, is packaged in a container or wrapper that bears, or is otherwise labeled to bear the trademark, trade name, famous mark as defined in 15 U.S.C. § 1125, or other identifying mark, imprint, or device, or any likeness thereof, of a manufacturer, processor, packer, or distributor of a product intended for human consumption other than the manufacturer, processor, packer, or distributor that did in fact so manufacture, process, pack, or distribute such substance.

§ 3.2-4124. Topical hemp products; civil penalty.

A. A topical hemp product that is offered for sale or sold at retail must bear a label stating that the product is not intended for human consumption.

B. A person that offers for sale or sells at retail a topical hemp product that does not bear a label stating that the product is not intended for human consumption is subject to a civil penalty not to exceed \$500 for each day a violation occurs. Such penalty shall be collected by the Commissioner and the proceeds shall be payable to the State Treasurer for remittance to the Department.

C. Notwithstanding the provisions of subsection A, a person may offer for sale or sell a topical hemp product that does not bear a label stating that the product is not intended for human consumption if that person provides, upon request by the Commissioner, documentation that the topical hemp product was manufactured prior to July 1, 2023.

D. This section shall not apply to products that are (i) approved for marketing by the U.S. Food and Drug Administration and scheduled in the Drug Control Act (§ 54.1-3400 et seq.) or (ii) dispensed pursuant to Article 4.2 (§ 54.1-3442.5 et seq.) of Chapter 34 of Title 54.1.

§ 3.2-4125. Commissioner to have access to retail facilities.

A. The Commissioner shall have access during business hours to a registered regulated hemp product retail facility and to a business that offers for sale or sells at retail a substance intended for human consumption, orally or by inhalation, that is advertised or labeled as containing a cannabinoid for the purpose of:

1. Inspecting to determine if any of the provisions of this article are being violated; and

2. Securing samples of any regulated hemp product or substance intended for human consumption, orally or by inhalation, that is advertised or labeled as containing a cannabinoid. It shall be the duty of the Commissioner to make or cause to be made examinations or laboratory analysis of samples secured under the provisions of this section to determine whether any provision of this article is being violated.

B. This section shall not apply to products that are (i) approved for marketing by the U.S. Food and Drug Administration and scheduled in the Drug Control Act (§ 54.1-3400 et seq.) or (ii) dispensed pursuant to Article 4.2 (§ 54.1-3442.5 et seq.) of Chapter 34 of Title 54.1.

§ 3.2-4126. Civil penalties.

A. The Commissioner may, in accordance with the Administrative Process Act (§ 2.2-4000 et seq.), deny the application for a regulated hemp product retail facility registration or suspend or revoke the regulated hemp product retail facility registration of any person that violates a provision of this article.

B. Any person that (i) offers for sale or sells at retail a regulated hemp product without first

obtaining a registration to do so from the Commissioner in accordance with § 3.2-4122, (ii) continues to offer for sale or sell at retail a regulated hemp product after revocation or suspension of such registration, (iii) offers for sale or sells at retail a substance intended for human consumption, orally or by inhalation, that (a) contains a total tetrahydrocannabinol concentration that is greater than 0.3 percent or (b) contains more than two milligrams of total tetrahydrocannabinol per package and does not contain an amount of cannabidiol that is at least 25 times greater than the amount of total tetrahydrocannabinol per package, (iv) offers for sale or sells at retail a regulated hemp product in violation of § 3.2-4123, or (v) offers for sale or sells at retail a substance intended for human consumption, orally or by inhalation, that is advertised or labeled as containing an industrial hemp-derived cannabinoid without a regulated hemp product retail facility registration is, in addition to any other penalties provided, subject to a civil penalty not to exceed \$10,000 for each day a violation occurs. Such penalty shall be collected by the Commissioner and the proceeds shall be payable to the State Treasurer for remittance to the Department.

§ 3.2-5100. Duties of Commissioner.

A. The Commissioner shall inquire into the dairy and food and drink products, and the articles that are food or drinks, or the necessary constituents of the food or drinks, that are manufactured, sold, exposed, or offered for sale in the Commonwealth.

B. The Commissioner may procure samples of the dairy and food products covered by this chapter and may have the samples analyzed.

C. The Commissioner shall issue a permit to any food manufacturer, food storage warehouse, or retail food establishment that, after inspection, is determined to be in compliance with all applicable provisions of this chapter and any regulations adopted thereunder. Any person that intends to manufacture, store, sell, or offer for sale an industrial hemp extract, as defined in § 3.2-5145.1, or food containing an industrial hemp extract (i) shall be subject to such permit requirement and (ii) shall indicate the person's intent to manufacture, store, sell, or offer for sale an industrial hemp extract or food containing an industrial hemp extract on its permit application. The Commissioner shall notify any applicant denied a permit of the reason for such denial. Any food manufacturer, food storage warehouse, or retail food establishment issued a permit pursuant to this subsection shall be exempt from any other license, permit, or inspection required for the sale, preparation, or handling of food unless such food manufacturer, food storage warehouse, or retail food establishment is operating as (i) (a) a restaurant as defined in Title 35.1, as jointly determined by the State Health Commissioner and the Commissioner; (ii) (b) a plant that processes and distributes Grade A milk as referenced in this title, as determined by the State Health Commissioner; or (iii) (c) a shellfish establishment as defined in Title 28.2, as determined by the State Health Commissioner.

D. The Commissioner shall make a complaint against the manufacturer or vendor of any food or drink or dairy products that are adulterated, impure, or unwholesome, in contravention of the laws of the Commonwealth, and furnish all evidence to obtain a conviction of the offense charged. The Commissioner may make complaint and cause proceedings to be commenced against any person for enforcement of the laws relative to adulteration, impure, or unwholesome food or drink, and in such cases he shall not be obliged to furnish security for costs.

E. The Commissioner may develop criteria to determine if food manufacturers that are operating in a building deemed, in consultation with the Director of the Department of Historic Resources, to be historic are producing food products that are low risk of being adulterated. If, pursuant to such criteria, any such manufacturer is producing food products that are deemed to be low risk, the Commissioner may exempt the food manufacturer from specified provisions of this chapter, or regulations adopted thereunder, that pertain to the structure of the building, provided that the Commissioner determines that such exemption is unlikely to result in the preparation for sale, manufacture, packing, storage, sale, or distribution of any food that is adulterated, as defined in § 3.2-5122.

§ 3.2-5145.1. Definitions.

As used in this article, unless the context requires a different meaning:

"Food" means any article that is intended for human consumption and introduction into commerce, whether the article is simple, mixed, or compound, and all substances or ingredients used in the preparation thereof. "Food" does not mean drug as defined in § 54.1-3401.

"Industrial hemp" means a *Cannabis sativa* plant that has a concentration of tetrahydrocannabinol that is no greater than that allowed by federal law.

"Industrial hemp extract" means an extract (i) of a ~~Cannabis sativa plant that has a concentration of tetrahydrocannabinol that is no greater than that allowed for industrial hemp by federal law~~ and, (ii) that is intended for human consumption, and (iii) except as otherwise provided in subsection M of § 54.1-3442.6, when offered for retail sale, that (a) contains a total tetrahydrocannabinol concentration that is no greater than 0.3 percent and (b) contains either no more than two milligrams of total tetrahydrocannabinol per package or an amount of cannabidiol that is no less than 25 times greater than the amount of total tetrahydrocannabinol per package. "Industrial hemp extract" is not a hemp seed-derived ingredient that is approved by the U.S. Food and Drug Administration or is the subject of a generally recognized as safe notice for which the U.S. Food and Drug Administration had no

questions.

"Tetrahydrocannabinol" means the same as that term is defined in § 3.2-4112.

"Total tetrahydrocannabinol" means the same as that term is defined in § 3.2-4112.

§ 3.2-5145.2:1. Sellers or manufacturers of industrial hemp extract; penalties.

A. Any person who *manufactures, sells, or offers for sale* an industrial hemp extract or food containing an industrial hemp extract shall be subject to the requirements of this chapter and regulations adopted pursuant to this chapter.

B. Any person who (i) *manufactures, sells, or offers for sale an industrial hemp extract or food containing an industrial hemp extract without first obtaining a permit to do so from the Commissioner pursuant to § 3.2-5100, unless exempt from a permit pursuant to subdivision C 6 of § 3.2-5130;* (ii) *continues to manufacture, sell, or offer for sale an industrial hemp extract or food containing an industrial hemp extract after revocation or suspension of such permit;* (iii) *fails to disclose on a form prescribed by the Commissioner that he intends to manufacture, sell, or offer for sale a substance intended to be consumed orally that contains an industrial hemp-derived cannabinoid;* (iv) *sells or offers for sale at retail a food that (a) contains a total tetrahydrocannabinol concentration that is greater than 0.3 percent or (b) contains more than two milligrams of total tetrahydrocannabinol per package and does not contain an amount of cannabidiol that is at least 25 times greater than the amount of total tetrahydrocannabinol per package;* (v) *manufactures, offers for sale, or sells in violation of this chapter or a regulation adopted pursuant to this chapter a substance intended to be consumed orally that is advertised or labeled as containing an industrial hemp-derived cannabinoid;* or (vi) *otherwise violates any provision of this chapter or a regulation adopted pursuant to this chapter, in addition to any other penalties provided, is subject to a civil penalty not to exceed \$10,000 for each day a violation occurs. Such penalty shall be collected by the Commissioner and the proceeds shall be payable to the State Treasurer for remittance to the Department.*

C. Any person who (i) *manufactures, sells, or offers for sale an industrial hemp extract or food containing an industrial hemp extract without first obtaining a permit to do so from the Commissioner pursuant to § 3.2-5100, unless exempt from a permit pursuant to subdivision C 6 of § 3.2-5130;* (ii) *continues to manufacture, sell, or offer for sale an industrial hemp extract or food containing an industrial hemp extract after revocation or suspension of such permit;* (iii) *fails to disclose on a form prescribed by the Commissioner that he intends to manufacture, sell, or offer for sale a substance intended to be consumed orally that contains an industrial hemp-derived cannabinoid;* (iv) *manufactures, offers for sale, or sells in violation of this chapter or a regulation adopted pursuant to this chapter a substance intended to be consumed orally that is advertised or labeled as containing an industrial hemp-derived cannabinoid;* or (v) *otherwise violates any provision of this chapter or a regulation adopted pursuant to this chapter, in addition to any other penalties provided, is guilty of a Class 1 misdemeanor. Each day in which a violation occurs shall constitute a separate offense.*

D. *The Commissioner may, in accordance with the Administrative Process Act (§ 2.2-4000 et seq.), deny, suspend, or revoke a permit issued pursuant to § 3.2-5100 if the permitted entity is found to have violated subdivision A 69, 70, 71, 72, 73, or 74 of § 59.1-200 by a court of competent jurisdiction.*

E. *This section shall not apply to products that are (i) approved for marketing by the U.S. Food and Drug Administration and scheduled in the Drug Control Act (§ 54.1-3400 et seq.) or (ii) dispensed pursuant to Article 4.2 (§ 54.1-3442.5 et seq.) of Chapter 34 of Title 54.1.*

§ 3.2-5145.4. Industrial hemp extract requirements.

A. An industrial hemp extract shall (i) be produced from industrial hemp grown in compliance with applicable law and (ii) ~~notwithstanding any authority under federal law to have a greater concentration of tetrahydrocannabinol, have when offered for retail sale,~~ (a) contain a total tetrahydrocannabinol concentration of no greater than 0.3 percent and (b) contain either no more than two milligrams of total tetrahydrocannabinol per package or an amount of cannabidiol that is no less than 25 times greater than the amount of total tetrahydrocannabinol per package.

B. In addition to the requirements of this chapter, an industrial hemp extract or food containing an industrial hemp extract shall comply with regulations adopted by the Board pursuant to § 3.2-5145.5.

§ 3.2-5145.4:1. Labeling and packaging requirements.

A. An industrial hemp extract or food containing an industrial hemp extract that contains tetrahydrocannabinol shall be contained in child-resistant packaging, as defined in § 4.1-600.

B. An industrial hemp extract or food containing an industrial hemp extract shall be packaged and equipped with a label that states, in English and in a font no less than 1/16 of an inch, (i) all ingredients contained in the industrial hemp extract or food containing an industrial hemp extract, (ii) the amount of such industrial hemp extract or food containing an industrial hemp extract that constitutes a single serving, and (iii) if such industrial hemp extract or food containing an industrial hemp extract contains tetrahydrocannabinol, the number of milligrams of total tetrahydrocannabinol per serving and number of milligrams and percent of total tetrahydrocannabinol per package.

C. Any industrial hemp extract or food containing an industrial hemp extract that contains tetrahydrocannabinol shall be equipped with a label that states that the industrial hemp extract or food containing an industrial hemp extract contains tetrahydrocannabinol and may not be sold to persons

younger than 21 years of age.

D. An industrial hemp extract or food containing an industrial hemp extract, when offered for sale, shall be accompanied by a certificate of analysis, produced by an independent laboratory that is accredited pursuant to standard ISO/IEC 17025 of the International Organization for Standardization by a third-party accrediting body, that states the total tetrahydrocannabinol concentration of the substance or the total tetrahydrocannabinol concentration of the batch from which the substance originates. The certificate of accreditation pursuant to standard ISO/IEC 17025 issued by the third-party accrediting body to the independent laboratory shall be available for review at the location at which the industrial hemp extract or food containing an industrial hemp extract is offered for sale or sold.

E. A manufacturer shall identify each batch of an industrial hemp extract or a food containing an industrial hemp extract with a unique code for traceability. Julian date coding or any other system developed and documented by the manufacturer for assigning a unique code to a batch may be used. The batch identification shall appear and be legible on the label of an industrial hemp extract or food containing an industrial hemp extract.

F. The label of an industrial hemp extract or food containing an industrial hemp extract shall not contain a claim indicating the product is intended for diagnosis, cure, mitigation, treatment, or prevention of disease, which shall render the product a drug, as that term is defined in 21 U.S.C. § 321(g)(1). An industrial hemp extract or food containing an industrial hemp extract with a label that contains a claim indicating the product is intended for diagnosis, cure, mitigation, treatment, or prevention of disease shall be considered misbranded.

§ 3.2-5145.5. Regulations.

A. The Board is authorized to adopt regulations for the efficient enforcement of this article.

B. The Board shall adopt regulations identifying contaminants of an industrial hemp extract or a food containing an industrial hemp extract and establishing tolerances for such identified contaminants.

C. The Board shall adopt regulations establishing labeling requirements for an industrial hemp extract or a food containing an industrial hemp extract. Such regulations shall require that any industrial hemp extract or food containing an industrial hemp extract that contains tetrahydrocannabinol be equipped with a label that states (i) that the industrial hemp extract or food containing an industrial hemp extract contains tetrahydrocannabinol and may not be sold to persons younger than 21 years of age, (ii) all ingredients contained in the industrial hemp extract or food containing an industrial hemp extract, (iii) the amount of such industrial hemp extract or food containing an industrial hemp extract that constitutes a single serving, and (iv) the total percentage and milligrams of tetrahydrocannabinol included in the industrial hemp extract or food containing an industrial hemp extract and the number of milligrams of tetrahydrocannabinol that are contained in each serving.

~~D.~~ The Board shall adopt regulations establishing batch testing requirements for industrial hemp extracts. The Board shall require that batch testing of industrial hemp extracts be conducted by an independent testing laboratory that meets criteria established by the Board.

~~E.~~ *D.* With the exception of § 2.2-4031, neither the provisions of the Administrative Process Act (§ 2.2-4000 et seq.) nor public participation guidelines adopted pursuant thereto shall apply to the adoption of any regulation pursuant to this section. Prior to adopting any regulation pursuant to this section, the Board shall publish a notice of opportunity to comment in the Virginia Register of Regulations and post the action on the Virginia Regulatory Town Hall. Such notice of opportunity to comment shall contain (i) a summary of the proposed regulation; (ii) the text of the proposed regulation; and (iii) the name, address, and telephone number of the agency contact person responsible for receiving public comments. Such notice shall be made at least 60 days in advance of the last date prescribed in such notice for submittals of public comment. The legislative review provisions of subsections A and B of § 2.2-4014 shall apply to the promulgation or final adoption process for regulations pursuant to this section. The Board shall consider and keep on file all public comments received for any regulation adopted pursuant to this section.

§ 4.1-600. Definitions.

As used in this subtitle, unless the context requires a different meaning:

"Advertisement" or "advertising" means any written or verbal statement, illustration, or depiction that is calculated to induce sales of retail marijuana, retail marijuana products, marijuana plants, or marijuana seeds, including any written, printed, graphic, digital, electronic, or other material, billboard, sign, or other outdoor display, publication, or radio or television broadcast.

"Authority" means the Virginia Cannabis Control Authority created pursuant to this subtitle.

"Board" means the Board of Directors of the Virginia Cannabis Control Authority.

"Cannabis Control Act" means Subtitle II (§ 4.1-600 et seq.).

"Child-resistant" means, with respect to packaging or a container, (i) specially designed or constructed to be significantly difficult for a typical child under five years of age to open and not to be significantly difficult for a typical adult to open and reseal and (ii) for any product intended for more than a single use or that contains multiple servings, resealable.

"Cultivation" or "cultivate" means the planting, propagation, growing, harvesting, drying, curing, grading, trimming, or other similar processing of marijuana for use or sale. "Cultivation" or "cultivate"

does not include manufacturing or testing.

"Edible marijuana product" means a marijuana product intended to be consumed orally, including marijuana intended to be consumed orally or marijuana concentrate intended to be consumed orally.

"Immature plant" means a nonflowering marijuana plant that is no taller than eight inches and no wider than eight inches, is produced from a cutting, clipping, or seedling, and is growing in a container.

"Licensed" means the holding of a valid license granted by the Authority.

"Licensee" means any person to whom a license has been granted by the Authority.

"Manufacturing" or "manufacture" means the production of marijuana products or the blending, infusing, compounding, or other preparation of marijuana and marijuana products, including marijuana extraction or preparation by means of chemical synthesis. "Manufacturing" or "manufacture" does not include cultivation or testing.

"Marijuana" means any part of a plant of the genus *Cannabis*, whether growing or not, its seeds or resin; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds, its resin, or any extract containing one or more cannabinoids. "Marijuana" does not include (i) the mature stalks of such plant, fiber produced from such stalk, or oil or cake made from the seed of such plant, unless such stalks, fiber, oil, or cake is combined with other parts of plants of the genus *Cannabis*; ~~"Marijuana" does not include (i);~~ (ii) industrial hemp, as defined in § 3.2-4112, that is possessed by a person registered pursuant to subsection A of § 3.2-4115 or his agent ~~or (ii);~~ (iii) *industrial hemp, as defined in § 3.2-4112, that is possessed by a person who holds a hemp producer license issued by the U.S. Department of Agriculture pursuant to 7 C.F.R. Part 990;* (iv) a hemp product, as defined in § 3.2-4112, ~~containing a tetrahydrocannabinol concentration of no greater than 0.3 percent that is derived from industrial hemp, as defined in § 3.2-4112, that is grown, dealt, or processed in compliance with state or federal law;~~ (v) *an industrial hemp extract, as defined in § 3.2-5145.1; or (vi) any substance containing a tetrahydrocannabinol isomer, ester, ether, salt, or salts of such isomer, ester, or ether that has been placed by the Board of Pharmacy into one of the schedules set forth in the Drug Control Act (§ 54.1-3400 et seq.) pursuant to § 54.1-3443.*

"Marijuana concentrate" means marijuana that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product's potency. Resin from granular trichomes from a marijuana plant is a concentrate for purposes of this subtitle.

"Marijuana cultivation facility" means a facility licensed under this subtitle to cultivate, label, and package retail marijuana; to purchase or take possession of marijuana plants and seeds from other marijuana cultivation facilities; to transfer possession of and sell retail marijuana, immature marijuana plants, and marijuana seeds to marijuana wholesalers and retail marijuana stores; to transfer possession of and sell retail marijuana, marijuana plants, and marijuana seeds to other marijuana cultivation facilities; to transfer possession of and sell retail marijuana to marijuana manufacturing facilities; and to sell immature marijuana plants and marijuana seeds to consumers for the purpose of cultivating marijuana at home for personal use.

"Marijuana establishment" means a marijuana cultivation facility, a marijuana testing facility, a marijuana manufacturing facility, a marijuana wholesaler, or a retail marijuana store.

"Marijuana manufacturing facility" means a facility licensed under this subtitle to manufacture, label, and package retail marijuana and retail marijuana products; to purchase or take possession of retail marijuana from a marijuana cultivation facility or another marijuana manufacturing facility; and to transfer possession of and sell retail marijuana and retail marijuana products to marijuana wholesalers, retail marijuana stores, or other marijuana manufacturing facilities.

"Marijuana paraphernalia" means all equipment, products, and materials of any kind that are either designed for use or are intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, strength testing, analyzing, packaging, repackaging, storing, containing, concealing, ingesting, inhaling, or otherwise introducing into the human body marijuana.

"Marijuana products" means (i) products that are composed of marijuana and other ingredients and are intended for use or consumption, ointments, and tinctures or (ii) marijuana concentrate.

"Marijuana testing facility" means a facility licensed under this subtitle to develop, research, or test marijuana, marijuana products, and other substances.

"Marijuana wholesaler" means a facility licensed under this subtitle to purchase or take possession of retail marijuana, retail marijuana products, immature marijuana plants, and marijuana seeds from a marijuana cultivation facility, a marijuana manufacturing facility, or another marijuana wholesaler and to transfer possession and sell or resell retail marijuana, retail marijuana products, immature marijuana plants, and marijuana seeds to a marijuana cultivation facility, marijuana manufacturing facility, retail marijuana store, or another marijuana wholesaler.

"Non-retail marijuana" means marijuana that is not cultivated, manufactured, or sold by a licensed marijuana establishment.

"Non-retail marijuana products" means marijuana products that are not manufactured and sold by a licensed marijuana establishment.

"Place or premises" means the real estate, together with any buildings or other improvements thereon,

designated in the application for a license as the place at which the cultivation, manufacture, sale, or testing of retail marijuana or retail marijuana products shall be performed, except that portion of any such building or other improvement actually and exclusively used as a private residence.

"Public place" means any place, building, or conveyance to which the public has, or is permitted to have, access, including restaurants, soda fountains, hotel dining areas, lobbies and corridors of hotels, and any park, place of public resort or amusement, highway, street, lane, or sidewalk adjoining any highway, street, or lane.

"Residence" means any building or part of a building or structure where a person resides, but does not include any part of a building that is not actually and exclusively used as a private residence, nor any part of a hotel or club other than a private guest room thereof.

"Retail marijuana" means marijuana that is cultivated, manufactured, or sold by a licensed marijuana establishment.

"Retail marijuana products" means marijuana products that are manufactured and sold by a licensed marijuana establishment.

"Retail marijuana store" means a facility licensed under this subtitle to purchase or take possession of retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds from a marijuana cultivation facility, marijuana manufacturing facility, or marijuana wholesaler and to sell retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds to consumers.

"Sale" and "sell" includes soliciting or receiving an order for; keeping, offering, or exposing for sale; peddling, exchanging, or bartering; or delivering otherwise than gratuitously, by any means, retail marijuana or retail marijuana products.

"Special agent" means an employee of the Virginia Cannabis Control Authority whom the Board has designated as a law-enforcement officer pursuant to this subtitle.

"Testing" or "test" means the research and analysis of marijuana, marijuana products, or other substances for contaminants, safety, or potency. "Testing" or "test" does not include cultivation or manufacturing.

"Tetrahydrocannabinol" means the same as that term is defined in § 3.2-4112.

"Total tetrahydrocannabinol" means the same as that term is defined in § 3.2-4112.

§ 18.2-247. Use of terms "controlled substances," "marijuana," "Schedules I, II, III, IV, V, and VI," "imitation controlled substance," and "counterfeit controlled substance" in Title 18.2.

A. Wherever the terms "controlled substances" and "Schedules I, II, III, IV, V, and VI" are used in Title 18.2, such terms refer to those terms as they are used or defined in the Drug Control Act (§ 54.1-3400 et seq.).

B. The term "imitation controlled substance" when used in this article means (i) a counterfeit controlled substance or (ii) a pill, capsule, tablet, or substance in any form whatsoever which is not a controlled substance subject to abuse, and:

1. Which by overall dosage unit appearance, including color, shape, size, marking and packaging or by representations made, would cause the likelihood that such a pill, capsule, tablet, or substance in any other form whatsoever will be mistaken for a controlled substance unless such substance was introduced into commerce prior to the initial introduction into commerce of the controlled substance which it is alleged to imitate; or

2. Which by express or implied representations purports to act like a controlled substance as a stimulant or depressant of the central nervous system and which is not commonly used or recognized for use in that particular formulation for any purpose other than for such stimulant or depressant effect, unless marketed, promoted, or sold as permitted by the U.S. Food and Drug Administration.

C. In determining whether a pill, capsule, tablet, or substance in any other form whatsoever, is an "imitation controlled substance," there shall be considered, in addition to all other relevant factors, comparisons with accepted methods of marketing for legitimate nonprescription drugs for medicinal purposes rather than for drug abuse or any similar nonmedicinal use, including consideration of the packaging of the drug and its appearance in overall finished dosage form, promotional materials or representations, oral or written, concerning the drug, and the methods of distribution of the drug and where and how it is sold to the public.

D. The term "marijuana" when used in this article means any part of a plant of the genus *Cannabis*, whether growing or not, its seeds or resin; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds, its resin, or any extract containing one or more cannabinoids. "Marijuana" does not include (i) the mature stalks of such plant, fiber produced from such stalk, oil or cake made from the seed of such plant, unless such stalks, fiber, oil or cake is combined with other parts of plants of the genus *Cannabis*; ~~Marijuana does not include~~ (i); (ii) industrial hemp, as defined in § 3.2-4112, that is possessed by a person registered pursuant to subsection A of § 3.2-4115 or his agent; (iii) (iii) industrial hemp, as defined in § 3.2-4112, that is possessed by a person who holds a hemp producer license issued by the U.S. Department of Agriculture pursuant to 7 C.F.R. Part 990; ~~or~~ (iii) (iv) a hemp product, as defined in § 3.2-4112, containing a tetrahydrocannabinol concentration of no greater than 0.3 percent that is derived from industrial hemp, as defined in § 3.2-4112, that is grown, dealt, or processed in compliance with state or federal law; (v) an industrial hemp extract, as defined in

§ 3.2-5145.1; or (vi) any substance containing a tetrahydrocannabinol isomer, ester, ether, salt or salts of such isomer, ester, or ether that has been placed by the Board of Pharmacy into one of the schedules set forth in the Drug Control Act (§ 54.1-3400 et seq.) pursuant to § 54.1-3443.

E. The term "counterfeit controlled substance" means a controlled substance that, without authorization, bears, is packaged in a container or wrapper that bears, or is otherwise labeled to bear, the trademark, trade name, or other identifying mark, imprint or device or any likeness thereof, of a drug manufacturer, processor, packer, or distributor other than the manufacturer, processor, packer, or distributor who did in fact so manufacture, process, pack or distribute such drug.

F. The term "tetrahydrocannabinol" means any naturally occurring or synthetic tetrahydrocannabinol, including its salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation and any preparation, mixture, or substance containing, or mixed or infused with, any detectable amount of tetrahydrocannabinol. For the purposes of this definition, "isomer" means the optical, position, and geometric isomers.

G. The term "total tetrahydrocannabinol" means the sum, after the application of any necessary conversion factor, of the percentage by weight of tetrahydrocannabinol and the percentage by weight of tetrahydrocannabinolic acid.

H. The Department of Forensic Science shall determine the proper methods for detecting the concentration of ~~delta-9-tetrahydrocannabinol (THC)~~ tetrahydrocannabinol in substances for the purposes of this title, Chapter 11 (§ 4.1-1100 et seq.) of Title 4.1, and §§ § 54.1-3401 and 54.1-3446. The testing methodology shall use post-decarboxylation testing or other equivalent method and shall consider the potential conversion of ~~delta-9-tetrahydrocannabinol~~ tetrahydrocannabinolic acid (THC-A) into THC tetrahydrocannabinol. The test result shall include the total available THC derived from the sum of the THC and THC-A content.

§ 18.2-251.1:3. Possession or distribution of cannabis oil, or industrial hemp; laboratories; Department of Agriculture and Consumer Services, Department of Law employees.

A. No person employed by an analytical laboratory to retrieve, deliver, or possess cannabis oil or industrial hemp samples from a permitted pharmaceutical processor, a registered industrial hemp grower, a federally licensed hemp producer, or a registered industrial hemp processor for the purpose of performing required testing shall be prosecuted under Chapter 11 (§ 4.1-1100 et seq.) of Title 4.1 or § 18.2-248, 18.2-248.1, 18.2-250, or 18.2-255 for the possession or distribution of cannabis oil or industrial hemp or for storing cannabis oil or industrial hemp for testing purposes in accordance with regulations promulgated by the Board of Pharmacy and the Board of Agriculture and Consumer Services.

B. No employee of the Department of Agriculture and Consumer Services or of the Department of Law shall be prosecuted under § 18.2-247, 18.2-248, 18.2-248.01, 18.2-248.1, or 18.2-250 for the possession or distribution of industrial hemp or any substance containing tetrahydrocannabinol when possession of industrial hemp or any substance containing tetrahydrocannabinol is necessary in the performance of his duties.

§ 18.2-371.2. Prohibiting purchase or possession of tobacco products, nicotine vapor products, alternative nicotine products, and hemp products intended for smoking by a person under 21 years of age or sale of tobacco products, nicotine vapor products, alternative nicotine products, and hemp products intended for smoking to persons under 21 years of age; civil penalties.

A. No person shall sell to, distribute to, purchase for, or knowingly permit the purchase by any person less than 21 years of age, knowing or having reason to believe that such person is less than 21 years of age, any tobacco product, nicotine vapor product, alternative nicotine product, or hemp product intended for smoking.

Tobacco products, nicotine vapor products, alternative nicotine products, and hemp products intended for smoking may be sold from a vending machine only if the machine is (i) posted with a notice, in a conspicuous manner and place, indicating that the purchase or possession of such products by persons under 21 years of age is unlawful and (ii) located in a place that is not open to the general public and is not generally accessible to persons under 21 years of age. An establishment that prohibits the presence of persons under 21 years of age unless accompanied by a person 21 years of age or older is not open to the general public.

B. No person less than 21 years of age shall attempt to purchase, purchase, or possess any tobacco product, nicotine vapor product, alternative nicotine product, or hemp product intended for smoking. The provisions of this subsection shall not be applicable to the possession of tobacco products, nicotine vapor products, alternative nicotine products, or hemp products intended for smoking by a person less than 21 years of age (i) making a delivery of tobacco products, nicotine vapor products, alternative nicotine products, or hemp products intended for smoking in pursuance of his employment or (ii) as part of a scientific study being conducted by an organization for the purpose of medical research to further efforts in cigarette and tobacco use prevention and cessation and tobacco product regulation, provided that such medical research has been approved by an institutional review board pursuant to applicable federal regulations or by a research review committee pursuant to Chapter 5.1 (§ 32.1-162.16 et seq.) of

Title 32.1. This subsection shall not apply to purchase, attempt to purchase, or possession by a law-enforcement officer or his agent when the same is necessary in the performance of his duties.

C. No person shall sell a tobacco product, nicotine vapor product, alternative nicotine product, or hemp product intended for smoking to any individual who does not demonstrate, by producing a driver's license or similar photo identification issued by a government agency, that the individual is at least 21 years of age. Such identification is not required from an individual whom the person has reason to believe is at least 21 years of age or who the person knows is at least 21 years of age. Proof that the person demanded, was shown, and reasonably relied upon a photo identification stating that the individual was at least 21 years of age shall be a defense to any action brought under this subsection. In determining whether a person had reason to believe an individual is at least 21 years of age, the trier of fact may consider, but is not limited to, proof of the general appearance, facial characteristics, behavior, and manner of the individual.

This subsection shall not apply to mail order or Internet sales, provided that the person offering the tobacco product, nicotine vapor product, alternative nicotine product, or hemp product intended for smoking for sale through mail order or the Internet (i) prior to the sale of the tobacco product, nicotine vapor product, alternative nicotine product, or hemp product intended for smoking verifies that the purchaser is at least 21 years of age through a commercially available database that is regularly used by businesses or governmental entities for the purpose of age and identity verification and (ii) uses a method of mailing, shipping, or delivery that requires the signature of a person at least 21 years of age before the tobacco product, nicotine vapor product, alternative nicotine product, or hemp product intended for smoking will be released to the purchaser.

D. The provisions of subsections B and C shall not apply to the sale, giving, or furnishing of any tobacco product, nicotine vapor product, alternative nicotine product, or hemp product intended for smoking to any active duty military personnel who are 18 years of age or older. An identification card issued by the Armed Forces of the United States shall be accepted as proof of age for this purpose.

E. A violation of subsection A or C by an individual or by a separate retail establishment that involves a nicotine vapor product, alternative nicotine product, hemp product intended for smoking, or tobacco product other than a bidi is punishable by a civil penalty not to exceed \$100 for a first violation, a civil penalty not to exceed \$200 for a second violation, and a civil penalty not to exceed \$500 for a third or subsequent violation.

A violation of subsection A or C by an individual or by a separate retail establishment that involves the sale, distribution, or purchase of a bidi is punishable by a civil penalty in the amount of \$500 for a first violation, a civil penalty in the amount of \$1,000 for a second violation, and a civil penalty in the amount of \$2,500 for a third or subsequent violation. Where a defendant retail establishment offers proof that it has trained its employees concerning the requirements of this section, the court shall suspend all of the penalties imposed hereunder. However, where the court finds that a retail establishment has failed to so train its employees, the court may impose a civil penalty not to exceed \$1,000 in lieu of any penalties imposed hereunder for a violation of subsection A or C involving a nicotine vapor product, alternative nicotine product, hemp product intended for smoking, or tobacco product other than a bidi.

A violation of subsection B is punishable by a civil penalty not to exceed \$100 for a first violation and a civil penalty not to exceed \$250 for a second or subsequent violation. A court may, as an alternative to the civil penalty, and upon motion of the defendant, prescribe the performance of up to 20 hours of community service for a first violation of subsection B and up to 40 hours of community service for a second or subsequent violation. If the defendant fails or refuses to complete the community service as prescribed, the court may impose the civil penalty. Upon a violation of subsection B, the judge may enter an order pursuant to subdivision A 9 of § 16.1-278.8.

Any attorney for the Commonwealth of the county or city in which an alleged violation occurred may bring an action to recover the civil penalty, which shall be paid into the state treasury. Any law-enforcement officer may issue a summons for a violation of subsection A, B, or C.

F. 1. Cigarettes and hemp products intended for smoking shall be sold only in sealed packages provided by the manufacturer, with the required health warning. The proprietor of every retail establishment that offers for sale any tobacco product, nicotine vapor product, alternative nicotine product, or hemp product intended for smoking shall post in a conspicuous manner and place a sign or signs indicating that the sale of tobacco products, nicotine vapor products, alternative nicotine products, or hemp products intended for smoking to any person under 21 years of age is prohibited by law. Any attorney for the county, city, or town in which an alleged violation of this subsection occurred may enforce this subsection by civil action to recover a civil penalty not to exceed ~~\$50~~ \$500. The civil penalty shall be paid into the local treasury. No filing fee or other fee or cost shall be charged to the county, city, or town which instituted the action.

2. For the purpose of compliance with regulations of the Substance Abuse and Mental Health Services Administration published at 61 Federal Register 1492, the Department of Agriculture and Consumer Services may promulgate regulations which allow the Department to undertake the activities necessary to comply with such regulations.

3. Any attorney for the county, city, or town in which an alleged violation of this subsection occurred may enforce this subsection by civil action to recover a civil penalty not to exceed ~~\$100~~ \$500. The civil penalty shall be paid into the local treasury. No filing fee or other fee or cost shall be charged to the county, city, or town which instituted the action.

G. Nothing in this section shall be construed to create a private cause of action.

H. Agents of the Virginia Alcoholic Beverage Control Authority designated pursuant to § 4.1-105 may issue a summons for any violation of this section.

I. As used in this section:

"Alternative nicotine product" means any noncombustible product containing nicotine that is intended for human consumption, whether chewed, absorbed, dissolved, or ingested by any other means. "Alternative nicotine product" does not include any nicotine vapor product, tobacco product, or product regulated as a drug or device by the U.S. Food and Drug Administration (FDA) under Chapter V (21 U.S.C. § 351 et seq.) of the Federal Food, Drug, and Cosmetic Act.

"Bidi" means a product containing tobacco that is wrapped in temburni leaf (*diospyros melanoxylon*) or tendu leaf (*diospyros exculpra*), or any other product that is offered to, or purchased by, consumers as a bidi or beedie.

"Hemp product" means the same as that term is defined in § 3.2-4112.

"Nicotine vapor product" means any noncombustible product containing nicotine that employs a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means, regardless of shape or size, that can be used to produce vapor from nicotine in a solution or other form. "Nicotine vapor product" includes any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device and any cartridge or other container of nicotine in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device. "Nicotine vapor product" does not include any product regulated by the FDA under Chapter V (21 U.S.C. § 351 et seq.) of the Federal Food, Drug, and Cosmetic Act.

"Tobacco product" means any product made of tobacco and includes cigarettes, cigars, smokeless tobacco, pipe tobacco, bidis, and wrappings. "Tobacco product" does not include any nicotine vapor product, alternative nicotine product, or product that is regulated by the FDA under Chapter V (21 U.S.C. § 351 et seq.) of the Federal Food, Drug, and Cosmetic Act.

"Wrappings" includes papers made or sold for covering or rolling tobacco or other materials for smoking in a manner similar to a cigarette or cigar.

§ 54.1-3401. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Administer" means the direct application of a controlled substance, whether by injection, inhalation, ingestion, or any other means, to the body of a patient or research subject by (i) a practitioner or by his authorized agent and under his direction or (ii) the patient or research subject at the direction and in the presence of the practitioner.

"Advertisement" means all representations disseminated in any manner or by any means, other than by labeling, for the purpose of inducing, or which are likely to induce, directly or indirectly, the purchase of drugs or devices.

"Agent" means an authorized person who acts on behalf of or at the direction of a manufacturer, distributor, or dispenser. It does not include a common or contract carrier, public warehouseman, or employee of the carrier or warehouseman.

"Anabolic steroid" means any drug or hormonal substance, chemically and pharmacologically related to testosterone, other than estrogens, progestins, corticosteroids, and dehydroepiandrosterone.

"Animal" means any nonhuman animate being endowed with the power of voluntary action.

"Automated drug dispensing system" means a mechanical or electronic system that performs operations or activities, other than compounding or administration, relating to pharmacy services, including the storage, dispensing, or distribution of drugs and the collection, control, and maintenance of all transaction information, to provide security and accountability for such drugs.

"Biological product" means a virus, therapeutic serum, toxin, antitoxin, vaccine, blood, blood component or derivative, allergenic product, protein other than a chemically synthesized polypeptide, or analogous product, or arsphenamine or any derivative of arsphenamine or any other trivalent organic arsenic compound, applicable to the prevention, treatment, or cure of a disease or condition of human beings.

"Biosimilar" means a biological product that is highly similar to a specific reference biological product, notwithstanding minor differences in clinically inactive compounds, such that there are no clinically meaningful differences between the reference biological product and the biological product that has been licensed as a biosimilar pursuant to 42 U.S.C. § 262(k) in terms of safety, purity, and potency of the product.

"Board" means the Board of Pharmacy.

"Bulk drug substance" means any substance that is represented for use, and that, when used in the compounding, manufacturing, processing, or packaging of a drug, becomes an active ingredient or a

finished dosage form of the drug; however, "bulk drug substance" shall not include intermediates that are used in the synthesis of such substances.

"Change of ownership" of an existing entity permitted, registered, or licensed by the Board means (i) the sale or transfer of all or substantially all of the assets of the entity or of any corporation that owns or controls the entity; (ii) the creation of a partnership by a sole proprietor, the dissolution of a partnership, or change in partnership composition; (iii) the acquisition or disposal of 50 percent or more of the outstanding shares of voting stock of a corporation owning the entity or of the parent corporation of a wholly owned subsidiary owning the entity, except that this shall not apply to any corporation the voting stock of which is actively traded on any securities exchange or in any over-the-counter market; (iv) the merger of a corporation owning the entity or of the parent corporation of a wholly-owned subsidiary owning the entity with another business or corporation; or (v) the expiration or forfeiture of a corporation's charter.

"Co-licensed partner" means a person who, with at least one other person, has the right to engage in the manufacturing or marketing of a prescription drug, consistent with state and federal law.

"Compounding" means the combining of two or more ingredients to fabricate such ingredients into a single preparation and includes the mixing, assembling, packaging, or labeling of a drug or device (i) by a pharmacist, or within a permitted pharmacy, pursuant to a valid prescription issued for a medicinal or therapeutic purpose in the context of a bona fide practitioner-patient-pharmacist relationship, or in expectation of receiving a valid prescription based on observed historical patterns of prescribing and dispensing; (ii) by a practitioner of medicine, osteopathy, podiatry, dentistry, or veterinary medicine as an incident to his administering or dispensing, if authorized to dispense, a controlled substance in the course of his professional practice; or (iii) for the purpose of, or as incident to, research, teaching, or chemical analysis and not for sale or for dispensing. The mixing, diluting, or reconstituting of a manufacturer's product drugs for the purpose of administration to a patient, when performed by a practitioner of medicine or osteopathy licensed under Chapter 29 (§ 54.1-2900 et seq.), a person supervised by such practitioner pursuant to subdivision A 6 or 19 of § 54.1-2901, or a person supervised by such practitioner or a licensed nurse practitioner or physician assistant pursuant to subdivision A 4 of § 54.1-2901 shall not be considered compounding.

"Controlled substance" means a drug, substance, or immediate precursor in Schedules I through VI of this chapter. The term shall not include distilled spirits, wine, malt beverages, or tobacco as those terms are defined or used in Title 3.2 or Title 4.1. The term "controlled substance" includes a controlled substance analog that has been placed into Schedule I or II by the Board pursuant to the regulatory authority in subsection D of § 54.1-3443.

"Controlled substance analog" means a substance the chemical structure of which is substantially similar to the chemical structure of a controlled substance in Schedule I or II and either (i) which has a stimulant, depressant, or hallucinogenic effect on the central nervous system that is substantially similar to or greater than the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance in Schedule I or II or (ii) with respect to a particular person, which such person represents or intends to have a stimulant, depressant, or hallucinogenic effect on the central nervous system that is substantially similar to or greater than the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance in Schedule I or II. "Controlled substance analog" does not include (a) any substance for which there is an approved new drug application as defined under § 505 of the federal Food, Drug, and Cosmetic Act (21 U.S.C. § 355) or that is generally recognized as safe and effective pursuant to §§ 501, 502, and 503 of the federal Food, Drug, and Cosmetic Act (21 U.S.C. §§ 351, 352, and 353) and 21 C.F.R. Part 330; (b) with respect to a particular person, any substance for which an exemption is in effect for investigational use for that person under § 505 of the federal Food, Drug, and Cosmetic Act to the extent that the conduct with respect to that substance is pursuant to such exemption; or (c) any substance to the extent not intended for human consumption before such an exemption takes effect with respect to that substance.

"DEA" means the Drug Enforcement Administration, U.S. Department of Justice, or its successor agency.

"Deliver" or "delivery" means the actual, constructive, or attempted transfer of any item regulated by this chapter, whether or not there exists an agency relationship, including delivery of a Schedule VI prescription device to an ultimate user or consumer on behalf of a medical equipment supplier by a manufacturer, nonresident manufacturer, wholesale distributor, nonresident wholesale distributor, warehouse, nonresident warehouse, third-party logistics provider, or nonresident third-party logistics provider at the direction of a medical equipment supplier in accordance with § 54.1-3415.1.

"Device" means instruments, apparatus, and contrivances, including their components, parts, and accessories, intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or animals or to affect the structure or any function of the body of man or animals.

"Dialysis care technician" or "dialysis patient care technician" means an individual who is certified by an organization approved by the Board of Health Professions pursuant to Chapter 27.01 (§ 54.1-2729.1 et seq.) and who, under the supervision of a licensed physician, nurse practitioner, physician assistant, or a registered nurse, assists in the care of patients undergoing renal dialysis

treatments in a Medicare-certified renal dialysis facility.

"Dialysis solution" means either the commercially available, unopened, sterile solutions whose purpose is to be instilled into the peritoneal cavity during the medical procedure known as peritoneal dialysis, or commercially available solutions whose purpose is to be used in the performance of hemodialysis not to include any solutions administered to the patient intravenously.

"Dispense" means to deliver a drug to an ultimate user or research subject by or pursuant to the lawful order of a practitioner, including the prescribing and administering, packaging, labeling, or compounding necessary to prepare the substance for that delivery. However, dispensing shall not include the transportation of drugs mixed, diluted, or reconstituted in accordance with this chapter to other sites operated by such practitioner or that practitioner's medical practice for the purpose of administration of such drugs to patients of the practitioner or that practitioner's medical practice at such other sites. For practitioners of medicine or osteopathy, "dispense" shall only include the provision of drugs by a practitioner to patients to take with them away from the practitioner's place of practice.

"Dispenser" means a practitioner who dispenses.

"Distribute" means to deliver other than by administering or dispensing a controlled substance.

"Distributor" means a person who distributes.

"Drug" means (i) articles or substances recognized in the official United States Pharmacopoeia National Formulary or official Homeopathic Pharmacopoeia of the United States, or any supplement to any of them; (ii) articles or substances intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or animals; (iii) articles or substances, other than food, intended to affect the structure or any function of the body of man or animals; (iv) articles or substances intended for use as a component of any article specified in clause (i), (ii), or (iii); or (v) a biological product. "Drug" does not include devices or their components, parts, or accessories.

"Drug product" means a specific drug in dosage form from a known source of manufacture, whether by brand or therapeutically equivalent drug product name.

"Electronic prescription" means a written prescription that is generated on an electronic application and is transmitted to a pharmacy as an electronic data file; Schedule II through V prescriptions shall be transmitted in accordance with 21 C.F.R. Part 1300.

"Facsimile (FAX) prescription" means a written prescription or order that is transmitted by an electronic device over telephone lines that sends the exact image to the receiving pharmacy in hard copy form.

"FDA" means the U.S. Food and Drug Administration.

"Immediate precursor" means a substance which the Board of Pharmacy has found to be and by regulation designates as being the principal compound commonly used or produced primarily for use, and which is an immediate chemical intermediary used or likely to be used in the manufacture of a controlled substance, the control of which is necessary to prevent, curtail, or limit manufacture.

"Interchangeable" means a biosimilar that meets safety standards for determining interchangeability pursuant to 42 U.S.C. § 262(k)(4).

"Label" means a display of written, printed, or graphic matter upon the immediate container of any article. A requirement made by or under authority of this chapter that any word, statement, or other information appear on the label shall not be considered to be complied with unless such word, statement, or other information also appears on the outside container or wrapper, if any, of the retail package of such article or is easily legible through the outside container or wrapper.

"Labeling" means all labels and other written, printed, or graphic matter on an article or any of its containers or wrappers, or accompanying such article.

"Manufacture" means the production, preparation, propagation, conversion, or processing of any item regulated by this chapter, either directly or indirectly by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and includes any packaging or repackaging of the substance or labeling or relabeling of its container. This term does not include compounding.

"Manufacturer" means every person who manufactures, a manufacturer's co-licensed partner, or a repackager.

"Marijuana" means any part of a plant of the genus *Cannabis* whether growing or not, its seeds, or its resin; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds, its resin, or any extract containing one or more cannabinoids. "Marijuana" does not include (i) the mature stalks of such plant, fiber produced from such stalk, or oil or cake made from the seeds of such plant, unless such stalks, fiber, oil, or cake is combined with other parts of plants of the genus *Cannabis*; ~~Marijuana does not include (i);~~ (ii) industrial hemp, as defined in § 3.2-4112, that is possessed by a person registered pursuant to subsection A of § 3.2-4115 or his agent; ~~(ii);~~ (iii) industrial hemp, as defined in § 3.2-4112, that is possessed by a person who holds a hemp producer license issued by the U.S. Department of Agriculture pursuant to 7 C.F.R. Part 990; ~~or (iii);~~ (iv) a hemp product, as defined in § 3.2-4112, containing a tetrahydrocannabinol concentration of no greater than 0.3 percent that is derived from industrial hemp, as defined in § 3.2-4112, that is grown, dealt, or processed in compliance with state or federal law; (v) an industrial hemp extract, as defined in § 3.2-5145.1; or (vi) any

substance containing a tetrahydrocannabinol isomer, ester, ether, salt, or salts of such isomer, ester, or ether that has been placed by the Board of Pharmacy into one of the schedules set forth in the Drug Control Act (§ 54.1-3400 et seq.) pursuant to § 54.1-3443.

"Medical equipment supplier" means any person, as defined in § 1-230, engaged in the delivery to the ultimate consumer, pursuant to the lawful order of a practitioner, of hypodermic syringes and needles, medicinal oxygen, Schedule VI controlled devices, those Schedule VI controlled substances with no medicinal properties that are used for the operation and cleaning of medical equipment, solutions for peritoneal dialysis, and sterile water or saline for irrigation.

"Narcotic drug" means any of the following, whether produced directly or indirectly by extraction from substances of vegetable origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis: (i) opium, opiates, and any salt, compound, derivative, or preparation of opium or opiates; (ii) any salt, compound, isomer, derivative, or preparation thereof which is chemically equivalent or identical with any of the substances referred to in clause (i), but not including the isoquinoline alkaloids of opium; (iii) opium poppy and poppy straw; (iv) coca leaves and any salt, compound, derivative, or preparation of coca leaves, and any salt, compound, isomer, derivative, or preparation thereof which is chemically equivalent or identical with any of these substances, but not including decocainized coca leaves or extraction of coca leaves which do not contain cocaine or ecgonine.

"New drug" means (i) any drug, except a new animal drug or an animal feed bearing or containing a new animal drug, the composition of which is such that such drug is not generally recognized, among experts qualified by scientific training and experience to evaluate the safety and effectiveness of drugs, as safe and effective for use under the conditions prescribed, recommended, or suggested in the labeling, except that such a drug not so recognized shall not be deemed to be a "new drug" if at any time prior to the enactment of this chapter it was subject to the Food and Drugs Act of June 30, 1906, as amended, and if at such time its labeling contained the same representations concerning the conditions of its use, or (ii) any drug, except a new animal drug or an animal feed bearing or containing a new animal drug, the composition of which is such that such drug, as a result of investigations to determine its safety and effectiveness for use under such conditions, has become so recognized, but which has not, otherwise than in such investigations, been used to a material extent or for a material time under such conditions.

"Nuclear medicine technologist" means an individual who holds a current certification with the American Registry of Radiological Technologists or the Nuclear Medicine Technology Certification Board.

"Official compendium" means the official United States Pharmacopoeia National Formulary, official Homeopathic Pharmacopoeia of the United States, or any supplement to any of them.

"Official written order" means an order written on a form provided for that purpose by the U.S. Drug Enforcement Administration, under any laws of the United States making provision therefor, if such order forms are authorized and required by federal law, and if no such order form is provided then on an official form provided for that purpose by the Board of Pharmacy.

"Opiate" means any substance having an addiction-forming or addiction-sustaining liability similar to morphine or being capable of conversion into a drug having such addiction-forming or addiction-sustaining liability. It does not include, unless specifically designated as controlled under Article 4 (§ 54.1-3437 et seq.), the dextrorotatory isomer of 3-methoxy-n-methylmorphinan and its salts (dextromethorphan). It does include its racemic and levorotatory forms.

"Opium poppy" means the plant of the species *Papaver somniferum* L., except the seeds thereof.

"Original package" means the unbroken container or wrapping in which any drug or medicine is enclosed together with label and labeling, put up by or for the manufacturer, wholesaler, or distributor for use in the delivery or display of such article.

"Outsourcing facility" means a facility that is engaged in the compounding of sterile drugs and is currently registered as an outsourcing facility with the U.S. Secretary of Health and Human Services and that complies with all applicable requirements of federal and state law, including the Federal Food, Drug, and Cosmetic Act.

"Person" means both the plural and singular, as the case demands, and includes an individual, partnership, corporation, association, governmental agency, trust, or other institution or entity.

"Pharmacist-in-charge" means the person who, being licensed as a pharmacist, signs the application for a pharmacy permit and assumes full legal responsibility for the operation of the relevant pharmacy in a manner complying with the laws and regulations for the practice of pharmacy and the sale and dispensing of controlled substances; the "pharmacist-in-charge" shall personally supervise the pharmacy and the pharmacy's personnel as required by § 54.1-3432.

"Poppy straw" means all parts, except the seeds, of the opium poppy, after mowing.

"Practitioner" means a physician, dentist, licensed nurse practitioner pursuant to § 54.1-2957.01, licensed physician assistant pursuant to § 54.1-2952.1, pharmacist pursuant to § 54.1-3300, TPA-certified optometrist pursuant to Article 5 (§ 54.1-3222 et seq.) of Chapter 32, veterinarian, scientific investigator, or other person licensed, registered, or otherwise permitted to distribute, dispense, prescribe and

administer, or conduct research with respect to a controlled substance in the course of professional practice or research in the Commonwealth.

"Prescriber" means a practitioner who is authorized pursuant to §§ 54.1-3303 and 54.1-3408 to issue a prescription.

"Prescription" means an order for drugs or medical supplies, written or signed or transmitted by word of mouth, telephone, telegraph, or other means of communication to a pharmacist by a duly licensed physician, dentist, veterinarian, or other practitioner authorized by law to prescribe and administer such drugs or medical supplies.

"Prescription drug" means any drug required by federal law or regulation to be dispensed only pursuant to a prescription, including finished dosage forms and active ingredients subject to § 503(b) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. § 353(b)).

"Production" or "produce" includes the manufacture, planting, cultivation, growing, or harvesting of a controlled substance or marijuana.

"Proprietary medicine" means a completely compounded nonprescription drug in its unbroken, original package which does not contain any controlled substance or marijuana as defined in this chapter and is not in itself poisonous, and which is sold, offered, promoted, or advertised directly to the general public by or under the authority of the manufacturer or primary distributor, under a trademark, trade name, or other trade symbol privately owned, and the labeling of which conforms to the requirements of this chapter and applicable federal law. However, this definition shall not include a drug that is only advertised or promoted professionally to licensed practitioners, a narcotic or drug containing a narcotic, a drug that may be dispensed only upon prescription or the label of which bears substantially the statement "Warning — may be habit-forming," or a drug intended for injection.

"Radiopharmaceutical" means any drug that exhibits spontaneous disintegration of unstable nuclei with the emission of nuclear particles or photons and includes any non-radioactive reagent kit or radionuclide generator that is intended to be used in the preparation of any such substance, but does not include drugs such as carbon-containing compounds or potassium-containing salts that include trace quantities of naturally occurring radionuclides. The term also includes any biological product that is labeled with a radionuclide or intended solely to be labeled with a radionuclide.

"Reference biological product" means the single biological product licensed pursuant to 42 U.S.C. § 262(a) against which a biological product is evaluated in an application submitted to the U.S. Food and Drug Administration for licensure of biological products as biosimilar or interchangeable pursuant to 42 U.S.C. § 262(k).

"Sale" includes barter, exchange, or gift, or offer therefor, and each such transaction made by any person, whether as an individual, proprietor, agent, servant, or employee.

"Tetrahydrocannabinol" means any naturally occurring or synthetic tetrahydrocannabinol, including its salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation and any preparation, mixture, or substance containing, or mixed or infused with, any detectable amount of tetrahydrocannabinol. For the purposes of this definition, "isomer" means the optical, position, and geometric isomers.

"Therapeutically equivalent drug products" means drug products that contain the same active ingredients and are identical in strength or concentration, dosage form, and route of administration and that are classified as being therapeutically equivalent by the U.S. Food and Drug Administration pursuant to the definition of "therapeutically equivalent drug products" set forth in the most recent edition of the Approved Drug Products with Therapeutic Equivalence Evaluations, otherwise known as the "Orange Book."

"Third-party logistics provider" means a person that provides or coordinates warehousing of or other logistics services for a drug or device in interstate commerce on behalf of a manufacturer, wholesale distributor, or dispenser of the drug or device but does not take ownership of the product or have responsibility for directing the sale or disposition of the product.

"Total tetrahydrocannabinol" means the sum, after the application of any necessary conversion factor, of the percentage by weight of tetrahydrocannabinol and the percentage by weight of tetrahydrocannabinolic acid.

"USP-NF" means the current edition of the United States Pharmacopeia-National Formulary.

"Warehouser" means any person, other than a wholesale distributor, manufacturer, or third-party logistics provider, engaged in the business of (i) selling or otherwise distributing prescription drugs or devices to any person who is not the ultimate user or consumer and (ii) delivering Schedule VI prescription devices to the ultimate user or consumer pursuant to § 54.1-3415.1. No person shall be subject to any state or local tax by reason of this definition.

"Wholesale distribution" means (i) distribution of prescription drugs to persons other than consumers or patients and (ii) delivery of Schedule VI prescription devices to the ultimate user or consumer pursuant to § 54.1-3415.1, subject to the exemptions set forth in the federal Drug Supply Chain Security Act.

"Wholesale distributor" means any person other than a manufacturer, a manufacturer's co-licensed partner, a third-party logistics provider, or a repackager that engages in wholesale distribution.

The words "drugs" and "devices" as used in Chapter 33 (§ 54.1-3300 et seq.) and in this chapter shall not include surgical or dental instruments, physical therapy equipment, X-ray apparatus, or glasses or lenses for the eyes.

The terms "pharmacist," "pharmacy," and "practice of pharmacy" as used in this chapter shall be defined as provided in Chapter 33 (§ 54.1-3300 et seq.) unless the context requires a different meaning.

§ 54.1-3408.3. Certification for use of cannabis oil for treatment.

A. As used in this section:

"Botanical cannabis" means cannabis that is composed wholly of usable cannabis from the same parts of the same chemovar of cannabis plant.

"Cannabis oil" means any formulation of processed Cannabis plant extract, which may include industrial hemp extracts, including isolates and distillates, acquired by a pharmaceutical processor pursuant to § 54.1-3442.6, or a dilution of the resin of the Cannabis plant that contains no more than 10 milligrams of ~~delta-9-tetrahydrocannabinol~~ *tetrahydrocannabinol* per dose. "Cannabis oil" does not include industrial hemp, as defined in § 3.2-4112, that is grown, ~~dealt~~ *handled*, or processed in compliance with state or federal law, unless it has been grown and processed in the Commonwealth by a registered industrial hemp processor and acquired and formulated by a pharmaceutical processor.

"Cannabis product" means a product that is (i) produced by a pharmaceutical processor, registered with the Board, and compliant with testing requirements and (ii) composed of cannabis oil or botanical cannabis.

"Designated caregiver facility" means any hospice or hospice facility licensed pursuant to § 32.1-162.3, or home care organization as defined in § 32.1-162.7 that provides pharmaceutical services or home health services, private provider licensed by the Department of Behavioral Health and Developmental Services pursuant to Article 2 (§ 37.2-403 et seq.) of Chapter 4 of Title 37.2, assisted living facility licensed pursuant to § 63.2-1701, or adult day care center licensed pursuant to § 63.2-1701.

"Practitioner" means a practitioner of medicine or osteopathy licensed by the Board of Medicine, a physician assistant licensed by the Board of Medicine, or a nurse practitioner jointly licensed by the Board of Medicine and the Board of Nursing.

"Registered agent" means an individual designated by a patient who has been issued a written certification, or, if such patient is a minor or a vulnerable adult as defined in § 18.2-369, designated by such patient's parent or legal guardian, and registered with the Board pursuant to subsection G.

"Usable cannabis" means any cannabis plant material, including seeds, but not (i) resin that has been extracted from any part of the cannabis plant, its seeds, or its resin; (ii) the mature stalks, fiber produced from the stalks, or any other compound, manufacture, salt, or derivative, mixture, or preparation of the mature stalks; or (iii) oil or cake made from the seeds of the plant.

B. A practitioner in the course of his professional practice may issue a written certification for the use of cannabis products for treatment or to alleviate the symptoms of any diagnosed condition or disease determined by the practitioner to benefit from such use. The practitioner shall use his professional judgment to determine the manner and frequency of patient care and evaluation and may employ the use of telemedicine, provided that the use of telemedicine includes the delivery of patient care through real-time interactive audio-visual technology. If a practitioner determines it is consistent with the standard of care to dispense botanical cannabis to a minor, the written certification shall specifically authorize such dispensing. If not specifically included on the initial written certification, authorization for botanical cannabis may be communicated verbally or in writing to the pharmacist at the time of dispensing.

C. The written certification shall be on a form provided by the Board of Pharmacy. Such written certification shall contain the name, address, and telephone number of the practitioner; the name and address of the patient issued the written certification; the date on which the written certification was made; and the signature or authentic electronic signature of the practitioner. Such written certification issued pursuant to subsection B shall expire no later than one year after its issuance unless the practitioner provides in such written certification an earlier expiration. A written certification shall not be issued to a patient by more than one practitioner during any given time period.

D. No practitioner shall be prosecuted under § 18.2-248 or 18.2-248.1 for the issuance of a certification for the use of cannabis products for the treatment or to alleviate the symptoms of a patient's diagnosed condition or disease pursuant to a written certification issued pursuant to subsection B. Nothing in this section shall preclude the Board of Medicine from sanctioning a practitioner for failing to properly evaluate or treat a patient's medical condition or otherwise violating the applicable standard of care for evaluating or treating medical conditions.

E. A practitioner who issues a written certification to a patient pursuant to this section shall register with the Board and shall hold sufficient education and training to exercise appropriate professional judgment in the certification of patients. The Board shall not limit the number of patients to whom a practitioner may issue a written certification. The Board may report information to the applicable licensing board on unusual patterns of certifications issued by a practitioner.

F. No patient shall be required to physically present the written certification after the initial

dispensing by any pharmaceutical processor or cannabis dispensing facility under each written certification, provided that the pharmaceutical processor or cannabis dispensing facility maintains an electronic copy of the written certification. Pharmaceutical processors and cannabis dispensing facilities shall electronically transmit, on a monthly basis, all new written certifications received by the pharmaceutical processor or cannabis dispensing facility to the Board.

G. A patient, or, if such patient is a minor or a vulnerable adult as defined in § 18.2-369, such patient's parent or legal guardian, may designate an individual to act as his registered agent for the purposes of receiving cannabis products pursuant to a valid written certification. Such designated individual shall register with the Board. The Board may set a limit on the number of patients for whom any individual is authorized to act as a registered agent.

H. Upon delivery of a cannabis product by a pharmaceutical processor or cannabis dispensing facility to a designated caregiver facility, any employee or contractor of a designated caregiver facility, who is licensed or registered by a health regulatory board and who is authorized to possess, distribute, or administer medications, may accept delivery of the cannabis product on behalf of a patient or resident for subsequent delivery to the patient or resident and may assist in the administration of the cannabis product to the patient or resident as necessary.

I. Information obtained under the registration process shall be confidential and shall not be subject to the disclosure provisions of the Virginia Freedom of Information Act (§ 2.2-3700 et seq.). However, reasonable access to registry information shall be provided to (i) the Chairmen of the House Committee for Courts of Justice and the Senate Committee on the Judiciary, (ii) state and federal agencies or local law enforcement for the purpose of investigating or prosecuting a specific individual for a specific violation of law, (iii) licensed practitioners or pharmacists, or their agents, for the purpose of providing patient care and drug therapy management and monitoring of drugs obtained by a patient, (iv) a pharmaceutical processor or cannabis dispensing facility involved in the treatment of a patient, or (v) a registered agent, but only with respect to information related to such patient.

§ 54.1-3423. Board to issue registration unless inconsistent with public interest; authorization to conduct research; application and fees.

A. The Board shall register an applicant to manufacture or distribute controlled substances included in Schedules I through V unless it determines that the issuance of that registration would be inconsistent with the public interest. In determining the public interest, the Board shall consider the following factors:

1. Maintenance of effective controls against diversion of controlled substances into other than legitimate medical, scientific, or industrial channels;
2. Compliance with applicable state and local law;
3. Any convictions of the applicant under any federal and state laws relating to any controlled substance;
4. Past experience in the manufacture or distribution of controlled substances, and the existence in the applicant's establishment of effective controls against diversion;
5. Furnishing by the applicant of false or fraudulent material in any application filed under this chapter;
6. Suspension or revocation of the applicant's federal registration to manufacture, distribute, or dispense controlled substances as authorized by federal law; and
7. Any other factors relevant to and consistent with the public health and safety.

B. Registration under subsection A does not entitle a registrant to manufacture and distribute controlled substances in Schedule I or II other than those specified in the registration.

C. Practitioners must be registered to conduct research or laboratory analysis with controlled substances in Schedules II through VI, ~~tetrahydrocannabinol~~, or marijuana. Practitioners registered under federal law to conduct research with Schedule I substances, other than ~~tetrahydrocannabinol~~ *marijuana*, may conduct research with Schedule I substances within ~~this~~ *the* Commonwealth upon furnishing the evidence of that federal registration.

D. The Board may register other persons or entities to possess controlled substances listed on Schedules II through VI upon a determination that (i) there is a documented need, (ii) the issuance of the registration is consistent with the public interest, (iii) the possession and subsequent use of the controlled substances complies with applicable state and federal laws and regulations, and (iv) the subsequent storage, use, and recordkeeping of the controlled substances will be under the general supervision of a licensed pharmacist, practitioner of medicine, osteopathy, podiatry, dentistry, or veterinary medicine as specified in the Board's regulations. The Board shall consider, at a minimum, the factors listed in subsection A ~~of this section~~ in determining whether the registration shall be issued. Notwithstanding the exceptions listed in § 54.1-3422 A, the Board may mandate a controlled substances registration for sites maintaining certain types and quantities of Schedules II through VI controlled substances as it may specify in its regulations. The Board shall promulgate regulations related to requirements or criteria for the issuance of such controlled substances registration, storage, security, supervision, and recordkeeping.

E. The Board may register a public or private animal shelter as defined in § 3.2-6500 to purchase,

possess, and administer certain Schedule II through VI controlled substances approved by the State Veterinarian for the purpose of euthanizing injured, sick, homeless, and unwanted domestic pets and animals and to purchase, possess, and administer certain Schedule VI drugs and biological products for the purpose of preventing, controlling, and treating certain communicable diseases that failure to control would result in transmission to the animal population in the shelter. Controlled substances used for euthanasia shall be administered only in accordance with protocols established by the State Veterinarian and only by persons trained in accordance with instructions by the State Veterinarian. The list of Schedule VI drugs and biological products used for treatment and prevention of communicable diseases within the shelter shall be determined by the supervising veterinarian of the shelter and the drugs and biological products shall be administered only pursuant to written protocols established or approved by the supervising veterinarian of the shelter and only by persons who have been trained in accordance with instructions established or approved by the supervising veterinarian. The shelter shall maintain a copy of the approved list of drugs and biological products, written protocols for administering, and training records of those persons administering drugs and biological products on the premises of the shelter.

F. The Board may register a crisis stabilization unit established pursuant to § 37.2-500 or 37.2-601 and licensed by the Department of Behavioral Health and Developmental Services to maintain a stock of Schedule VI controlled substances necessary for immediate treatment of patients admitted to the crisis stabilization unit, which may be accessed and administered by a nurse pursuant to a written or oral order of a prescriber in the absence of a prescriber. Schedule II through Schedule V controlled substances shall only be maintained if so authorized by federal law and Board regulations.

G. The Board may register an entity at which a patient is treated by the use of instrumentation and diagnostic equipment through which images and medical records may be transmitted electronically for the purpose of establishing a bona fide practitioner-patient relationship and is prescribed Schedule II through VI controlled substances when such prescribing is in compliance with federal requirements for the practice of telemedicine and the patient is not in the physical presence of a practitioner registered with the U.S. Drug Enforcement Administration. In determining whether the registration shall be issued, the Board shall consider (i) the factors listed in subsection A, (ii) whether there is a documented need for such registration, and (iii) whether the issuance of the registration is consistent with the public interest.

H. Applications for controlled substances registration certificates and renewals thereof shall be made on a form prescribed by the Board and such applications shall be accompanied by a fee in an amount to be determined by the Board.

I. Upon (i) any change in ownership or control of a business, (ii) any change of location of the controlled substances stock, (iii) the termination of authority by or of the person named as the responsible party on a controlled substances registration, or (iv) a change in the supervising practitioner, if applicable, the registrant or responsible party shall immediately surrender the registration. The registrant shall, within 14 days following surrender of a registration, file a new application and, if applicable, name the new responsible party or supervising practitioner.

§ 54.1-3442.6. Permit to operate pharmaceutical processor or cannabis dispensing facility.

A. No person shall operate a pharmaceutical processor or a cannabis dispensing facility without first obtaining a permit from the Board. The application for such permit shall be made on a form provided by the Board and signed by a pharmacist who will be in full and actual charge of the pharmaceutical processor's dispensing area or cannabis dispensing facility. The Board shall establish an application fee and other general requirements for such application.

B. Each permit shall expire annually on a date determined by the Board in regulation. The number of permits that the Board may issue or renew in any year is limited to one pharmaceutical processor and up to five cannabis dispensing facilities for each health service area established by the Board of Health. Permits shall be displayed in a conspicuous place on the premises of the pharmaceutical processor and cannabis dispensing facility.

C. The Board shall adopt regulations establishing health, safety, and security requirements for pharmaceutical processors and cannabis dispensing facilities. Such regulations shall include requirements for (i) physical standards; (ii) location restrictions; (iii) security systems and controls; (iv) minimum equipment and resources; (v) recordkeeping; (vi) labeling, including the potency of each botanical cannabis product and the amounts recommended by the practitioner or dispensing pharmacist, and packaging; (vii) routine inspections no more frequently than once annually; (viii) processes for safely and securely dispensing and delivering in person cannabis products to a patient, his registered agent, or, if such patient is a minor or a vulnerable adult as defined in § 18.2-369, such patient's parent or legal guardian; (ix) dosage limitations for cannabis oil that provide that each dispensed dose of cannabis oil not exceed 10 milligrams of ~~delta-9-tetrahydrocannabinol~~ *tetrahydrocannabinol*; (x) a process for the wholesale distribution of and the transfer of usable cannabis, botanical cannabis, cannabis oil, and cannabis products between pharmaceutical processors, between a pharmaceutical processors and a cannabis dispensing facility, and between cannabis dispensing facilities; (xi) an allowance for the sale of devices for administration of dispensed cannabis products and hemp-based CBD products that meet the

applicable standards set forth in state and federal law, including the laboratory testing standards set forth in subsection M; (xii) an allowance for the use and distribution of inert product samples containing no cannabinoids for patient demonstration exclusively at the pharmaceutical processor or cannabis dispensing facility, and not for further distribution or sale, without the need for a written certification; (xiii) a process for acquiring industrial hemp extracts and formulating such extracts into cannabis products; and (xiv) an allowance for the advertising and promotion of the pharmaceutical processor's products and operations, which shall not limit the pharmaceutical processor from the provision of educational material to practitioners who issue written certifications and patients. The Board shall also adopt regulations for pharmaceutical processors that include requirements for (a) processes for safely and securely cultivating Cannabis plants intended for producing cannabis products, (b) the secure disposal of agricultural waste, and (c) a process for registering cannabis oil products.

D. The Board shall require that, after processing and before dispensing any cannabis products, a pharmaceutical processor shall make a sample available from each batch of cannabis product for testing by an independent laboratory located in Virginia meeting Board requirements. A valid sample size for testing shall be determined by each laboratory and may vary due to sample matrix, analytical method, and laboratory-specific procedures. A minimum sample size of 0.5 percent of individual units for dispensing or distribution from each homogenized batch of cannabis oil is required to achieve a representative cannabis oil sample for analysis. A minimum sample size, to be determined by the certified testing laboratory, from each batch of botanical cannabis is required to achieve a representative botanical cannabis sample for analysis. Botanical cannabis products shall only be tested for the following: total cannabidiol (CBD); total tetrahydrocannabinol (THC); terpenes; pesticide chemical residue; heavy metals; mycotoxins; moisture; and microbiological contaminants. Testing thresholds shall be consistent with generally accepted cannabis industry thresholds. The pharmaceutical processor may remediate botanical cannabis or cannabis oil that fails any quality testing standard except pesticides. Following remediation, all remediated botanical cannabis or cannabis oil shall be subject to laboratory testing and approved upon satisfaction of applicable testing standards, which shall not be more stringent than initial testing prior to remediation. If a batch of botanical cannabis fails retesting after remediation, it shall be considered usable cannabis and may be processed into cannabis oil. Stability testing shall not be required for any cannabis product with an expiration date assigned by the pharmaceutical processor of six months or less from the date of the cannabis product registration approval. Stability testing required for assignment of an expiration date longer than six months shall be limited to microbial testing, on a pass/fail basis, and potency testing, on a 10 percent deviation basis, of active ingredients.

E. A laboratory testing samples for a pharmaceutical processor shall obtain a controlled substances registration certificate pursuant to § 54.1-3423 and shall comply with quality standards established by the Board in regulation.

F. Every pharmaceutical processor's dispensing area or cannabis dispensing facility shall be under the personal supervision of a licensed pharmacist on the premises of the pharmaceutical processor or cannabis dispensing facility. The pharmaceutical processor shall ensure that security measures are adequate to protect the cannabis from diversion at all times, and the pharmacist-in-charge shall have concurrent responsibility for preventing diversion from the dispensing area.

Every pharmaceutical processor shall designate a person who shall have oversight of the cultivation and production areas of the pharmaceutical processor and shall provide such information to the Board. The Board shall direct all communications related to enforcement of requirements related to cultivation and production of cannabis oil products by the pharmaceutical processor to such designated person.

G. The Board shall require the material owners of an applicant for a pharmaceutical processor or cannabis dispensing facility permit to submit to fingerprinting and provide personal descriptive information to be forwarded along with his fingerprints through the Central Criminal Records Exchange to the Federal Bureau of Investigation for the purpose of obtaining criminal history record information regarding the applicant's material owners. The cost of fingerprinting and the criminal history record search shall be paid by the applicant. The Central Criminal Records Exchange shall forward the results of the criminal history background check to the Board or its designee, which shall be a governmental entity. A pharmaceutical processor shall maintain evidence of criminal background checks for all employees and delivery agents of the pharmaceutical processor. Criminal background checks of employees and delivery agents may be conducted by any service sufficient to disclose any federal and state criminal convictions.

H. In addition to other employees authorized by the Board, a pharmaceutical processor may employ individuals who may have less than two years of experience (i) to perform cultivation-related duties under the supervision of an individual who has received a degree in a field related to the cultivation of plants or a certification recognized by the Board or who has at least two years of experience cultivating plants, (ii) to perform extraction-related duties under the supervision of an individual who has a degree in chemistry or pharmacology or at least two years of experience extracting chemicals from plants, and (iii) to perform duties at the pharmaceutical processor and cannabis dispensing facility upon certification as a pharmacy technician.

I. A pharmaceutical processor to whom a permit has been issued by the Board may establish up to

five cannabis dispensing facilities for the dispensing of cannabis products that have been cultivated and produced on the premises of a pharmaceutical processor permitted by the Board. Each cannabis dispensing facility shall be located within the same health service area as the pharmaceutical processor.

J. No person who has been convicted of a felony under the laws of the Commonwealth or another jurisdiction within the last five years shall be employed by or act as an agent of a pharmaceutical processor or cannabis dispensing facility.

K. Every pharmaceutical processor or cannabis dispensing facility shall adopt policies for pre-employment drug screening and regular, ongoing, random drug screening of employees.

L. A pharmacist at the pharmaceutical processor's dispensing area and the cannabis dispensing facility shall determine the number of pharmacy interns, pharmacy technicians, and pharmacy technician trainees who can be safely and competently supervised at one time; however, no pharmacist shall supervise more than six persons performing the duties of a pharmacy technician at one time in the pharmaceutical processor's dispensing area or cannabis dispensing facility.

M. A pharmaceutical processor may acquire *from a registered industrial hemp handler or processor* industrial hemp extracts *that (i) are grown and processed in Virginia, and in compliance with state or federal law; from a registered industrial hemp dealer or processor and (ii) notwithstanding the tetrahydrocannabinol limits set forth in the definition of "industrial hemp extract" in § 3.2-5145.1, contain a total tetrahydrocannabinol concentration of no greater than 0.3 percent.* A pharmaceutical processor may process and formulate such extracts into an allowable dosage of cannabis product. Industrial hemp extracts acquired and formulated by a pharmaceutical processor are subject to the same third-party testing requirements that may apply to cannabis plant extract. Testing shall be performed by a laboratory located in Virginia and in compliance with state law governing the testing of cannabis products. The industrial hemp ~~dealer handler~~ handler or processor shall provide such third-party testing results to the pharmaceutical processor before industrial hemp extracts may be acquired.

N. With the exception of § 2.2-4031, neither the provisions of the Administrative Process Act (§ 2.2-4000 et seq.) nor public participation guidelines adopted pursuant thereto shall apply to the adoption of any regulation pursuant to this section. Prior to adopting any regulation pursuant to this section, the Board of Pharmacy shall publish a notice of opportunity to comment in the Virginia Register of Regulations and post the action on the Virginia Regulatory Town Hall. Such notice of opportunity to comment shall contain (i) a summary of the proposed regulation; (ii) the text of the proposed regulation; and (iii) the name, address, and telephone number of the agency contact person responsible for receiving public comments. Such notice shall be made at least 60 days in advance of the last date prescribed in such notice for submittals of public comment. The legislative review provisions of subsections A and B of § 2.2-4014 shall apply to the promulgation or final adoption process for regulations pursuant to this section. The Board of Pharmacy shall consider and keep on file all public comments received for any regulation adopted pursuant to this section.

O. The Board shall register all cannabis products that meet testing, labeling, and packaging standards.

§ 54.1-3442.7. Dispensing cannabis products; report.

A. A pharmaceutical processor or cannabis dispensing facility shall dispense or deliver cannabis products only in person to (i) a patient who is a Virginia resident or temporarily resides in Virginia and has been issued a valid written certification; (ii) such patient's registered agent; or (iii) if such patient is a minor or a vulnerable adult as defined in § 18.2-369, such patient's parent or legal guardian who is a Virginia resident or temporarily resides in Virginia. A companion may accompany a patient into a pharmaceutical processor's dispensing area or cannabis dispensing facility. Prior to the initial dispensing of cannabis products pursuant to each written certification, a pharmacist or pharmacy technician employed by the pharmaceutical processor or cannabis dispensing facility shall make and maintain, on site or remotely by electronic means, for two years a paper or electronic copy of the written certification that provides an exact image of the document that is clearly legible; shall view, in person or by audiovisual means, a current photo identification of the patient, registered agent, parent, or legal guardian; and shall verify current board registration of the practitioner and the corresponding registered agent if applicable. Thereafter, an initial dispensing may be delivered to the patient, registered agent, parent, legal guardian, or designated caregiver facility. Prior to any subsequent dispensing of cannabis products pursuant to each written certification, an employee or delivery agent shall view a current photo identification of the patient, registered agent, parent, or legal guardian and the current board registration issued to the registered agent if applicable. No pharmaceutical processor or cannabis dispensing facility shall dispense more than a 90-day supply, as determined by the dispensing pharmacist or certifying practitioner, for any patient during any 90-day period. A pharmaceutical processor or cannabis dispensing facility may dispense less than a 90-day supply of a cannabis product for any patient during any 90-day period; however, a pharmaceutical processor or cannabis dispensing facility may dispense more than one cannabis product to a patient at one time. No more than four ounces of botanical cannabis shall be dispensed for each 30-day period for which botanical cannabis is dispensed. The Board shall establish in regulation an amount of cannabis oil that constitutes a 90-day supply to treat or alleviate the symptoms of a patient's diagnosed condition or disease. In determining the appropriate amount of a cannabis product to be dispensed to a patient, a pharmaceutical processor or cannabis

dispensing facility shall consider all cannabis products dispensed to the patient and adjust the amount dispensed accordingly.

B. A pharmaceutical processor or cannabis dispensing facility shall dispense only cannabis products produced on the premises of a pharmaceutical processor permitted by the Board or cannabis products that have been formulated with extracts from industrial hemp acquired by a pharmaceutical processor from a registered industrial hemp dealer handler or processor pursuant to § 54.1-3442.6. A pharmaceutical processor may begin cultivation upon being issued a permit by the Board.

C. The Board shall report annually by December 1 to the Chairmen of the House Committee for Health, Welfare and Institutions and the Senate Committee on Education and Health on the operation of pharmaceutical processors and cannabis dispensing facilities issued a permit by the Board.

D. The concentration of ~~delta-9-tetrahydrocannabinol~~ *tetrahydrocannabinol* in any cannabis product on site may be up to 10 percent greater than or less than the level of ~~delta-9-tetrahydrocannabinol~~ *tetrahydrocannabinol* measured for labeling. A pharmaceutical processor and cannabis dispensing facility shall ensure that such concentration in any cannabis product on site is within such range. A pharmaceutical processor producing cannabis products shall establish a stability testing schedule of cannabis products.

§ 54.1-3443. Board to administer article.

A. The Board shall administer this article and may add substances to or deschedule or reschedule all substances enumerated in the schedules in this article pursuant to the procedures of the Administrative Process Act (§ 2.2-4000 et seq.). In making a determination regarding a substance, the Board shall consider the following:

1. The actual or relative potential for abuse;
2. The scientific evidence of its pharmacological effect, if known;
3. The state of current scientific knowledge regarding the substance;
4. The history and current pattern of abuse;
5. The scope, duration, and significance of abuse;
6. The risk to the public health;
7. The potential of the substance to produce psychic or physical dependence; and

8. Whether the substance is an immediate precursor of a substance already controlled under this article.

B. After considering the factors enumerated in subsection A, the Board shall make findings and issue a regulation controlling the substance if it finds the substance has a potential for abuse.

C. If the Board designates a substance as an immediate precursor, substances which are precursors of the controlled precursor shall not be subject to control solely because they are precursors of the controlled precursor.

D. If the Board, in consultation with the Department of Forensic Science, determines the substance shall be placed into Schedule I or II pursuant to § 54.1-3445 or 54.1-3447, the Board may amend its regulations pursuant to Article 2 (§ 2.2-4006 et seq.) of the Administrative Process Act. Prior to making such amendments, the Board shall conduct a public hearing. At least 30 days prior to conducting such hearing, it shall post notice of the hearing on the Virginia Regulatory Town Hall and shall send notice of the hearing to any persons requesting to be notified of a regulatory action. In the notice, the Board shall include a list of all substances it intends to schedule by regulation. The Board shall notify the House Committee for Courts of Justice and the Senate Committee on the Judiciary of any new substance added to Schedule I or II pursuant to this subsection. Any substance added to Schedule I or II pursuant to this subsection shall remain on Schedule I or II for a period of 18 months. Upon expiration of such 18-month period, such substance shall be descheduled unless a general law is enacted adding such substance to Schedule I or II. Nothing in this subsection shall preclude the Board from adding substances to or descheduling or rescheduling all substances enumerated in the schedules pursuant to the provisions of subsections A, B, and E.

E. If any substance is designated, rescheduled, or descheduled as a controlled substance under federal law and notice of such action is given to the Board, the Board may similarly control the substance under this chapter after the expiration of 30 days from publication in the Federal Register of a final or interim final order or rule designating a substance as a controlled substance or rescheduling or descheduling a substance by amending its regulations in accordance with the requirements of Article 2 (§ 2.2-4006 et seq.) of the Administrative Process Act. Prior to making such amendments, the Board shall post notice of the hearing on the Virginia Regulatory Town Hall and shall send notice of the hearing to any persons requesting to be notified of a regulatory action. The Board shall include a list of all substances it intends to schedule by regulation in such notice.

F. Authority to control under this section does not extend to distilled spirits, wine, malt beverages, or tobacco as those terms are defined or used in Title 4.1.

G. The Board shall exempt any nonnarcotic substance from a schedule if such substance may, under the provisions of the federal Food, Drug, and Cosmetic Act (21 U.S.C. § 301 et seq.) or state law, be lawfully sold over the counter without a prescription.

H. *Any tetrahydrocannabinol isomer, ester, ether, salt, or salts of such isomer, ester, or ether*

scheduled pursuant to this section shall not be included in the definition of marijuana set forth in § 4.1-600, 18.2-247, or 54.1-3401.

§ 54.1-3446. Schedule I.

The controlled substances listed in this section are included in Schedule I:

1. Any of the following opiates, including their isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, unless specifically excepted, whenever the existence of these isomers, esters, ethers and salts is possible within the specific chemical designation:

1-{1-[1-(4-bromophenyl)ethyl]-4-piperidinyl}-1,3-dihydro-2H-benzimidazol-2-one (other name: Brorphine);

1-[2-methyl-4-(3-phenyl-2-propen-1-yl)-1-piperazinyl]-1-butanone (other name: 2-methyl AP-237);

1-(2-phenylethyl)-4-phenyl-4-acetyloxypiperidine (other name: PEPAP);

1-methyl-4-phenyl-4-propionoxypiperidine (other name: MPPP);

2-[(4-methoxyphenyl)methyl]-N,N-diethyl-5-nitro-1H-benzimidazole-1-ethanamine (other name: Metonitazene);

2-methoxy-N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl]-acetamide (other name: Methoxyacetyl fentanyl);

3,4-dichloro-N-[2-(dimethylamino)cyclohexyl]-N-methyl-benzamide (other name: U-47700);

3,4-dichloro-N-[[1-(dimethylamino)cyclohexyl]methyl]benzamide (other name: AH-7921);

Acetyl fentanyl (other name: desmethyl fentanyl);

Acetylmethadol;

Allylprodine;

Alphacetylmethadol (except levo-alpha-acetylmethadol, also known as levo-alpha-acetylmethadol, levomethadyl acetate, or LAAM);

Alphameprodine;

Alphamethadol;

Benzethidine;

Betacetylmethadol;

Betameprodine;

Betamethadol;

Betaprodine;

Clonitazene;

Dextromoramide;

Diampromide;

Diethylthiambutene;

Difenoxin;

Dimenoxadol;

Dimepheptanol;

Dimethylthiambutene;

Dioxaphetylbutyrate;

Dipipanone;

Ethylmethylthiambutene;

Etonitazene;

Etoxidine;

Furethidine;

Hydroxypethidine;

Ketobemidone;

Levomoramide;

Levophenacetylmorphan;

Morpheridine;

MT-45 (1-cyclohexyl-4-(1,2-diphenylethyl)piperazine);

N-(1-phenethylpiperidin-4-yl)-N-phenylcyclopropanecarboxamide (other name: Cyclopropyl fentanyl);

N-(1-phenethylpiperidin-4-yl)-N-phenyltetrahydrofuran-2-carboxamide (other name: Tetrahydrofuran fentanyl);

N-[1-[1-methyl-2-(2-thienyl)ethyl]-4-piperidyl]-N-phenylpropanamide (other name: alpha-methylthiofentanyl);

N-[1-(1-methyl-2-phenylethyl)-4-piperidyl]-N-phenylacetamide (other name: acetyl-alpha-methylfentanyl);

N-{1-[2-hydroxy-2-(2-thienyl)ethyl]-4-piperidinyl}-N-phenylpropanamide (other name: beta-hydroxythiofentanyl);

N-[1-(2-hydroxy-2-phenyl)ethyl-4-piperidyl]-N-phenylpropanamide (other name: beta-hydroxyfentanyl);

N-[1-(alpha-methyl-beta-phenyl)ethyl-4-piperidyl]propionanilide (other names: 1-(1-methyl-2-phenylethyl)-4-(N-propanilido) piperidine, alpha-methylfentanyl);

N-(2-fluorophenyl)-N-[1-(2-phenylethyl)-4-piperidinyl]-propanamide (other names: 2-fluorofentanyl,

ortho-fluorofentanyl);
 N-(3-fluorophenyl)-N-[1-(2-phenylethyl)-4-piperidinyl]-propanamide (other name: 3-fluorofentanyl);
 N-[3-methyl-1-(2-hydroxy-2-phenylethyl)-4-piperidyl]-N-phenylpropanamide (other name: beta-hydroxy-3-methylfentanyl);
 N-[3-methyl-1-(2-phenylethyl)-4-piperidyl]-N-phenylpropanamide (other name: 3-methylfentanyl);
 N-[3-methyl-1-(2-thienyl)ethyl-4-piperidinyl]-N-phenylpropanamide (other name: 3-methylthiofentanyl);
 N-(4-chlorophenyl)-N-[1-(2-phenylethyl)-4-piperidinyl]-propanamide (other names: para-chlorofentanyl, 4-chlorofentanyl);
 N-(4-fluorophenyl)-2-methyl-N-[1-(2-phenylethyl)-4-piperidinyl]-propanamide (other name: para-fluoroisobutyryl fentanyl);
 N-(4-fluorophenyl)-N-[1-(2-phenylethyl)-4-piperidinyl]-butanamide (other name: para-fluorobutyrylfentanyl);
 N-(4-fluorophenyl)-N-1-(2-phenylethyl)-4-piperidinyl]-propanamide (other name: para-fluorofentanyl);
 N,N-diethyl-2-(2-(4-isopropoxybenzyl)-5-nitro-1H-benzimidazol-1-yl)ethan-1-amine (other name: Isotonitazene);
 N,N-diethyl-2-[[4-(ethoxyphenyl) methyl]-1H-benzimidazol-1-yl]-ethan-1-amine (other names: Etazene, Desnitroetonitazene);
 N,N-diethyl-2-[[4-(methoxyphenyl)methyl]-1H-benzimidazole-1-ethanamine (other name: Metodesnitazene);
 N-phenyl-N-[1-(2-phenylmethyl)-4-piperidinyl]-2-furancarboxamide (other name: N-benzyl Furanyl norfentanyl);
 N-phenyl-N-(4-piperidinyl)-propanamide (other name: Norfentanyl);
 Noracymethadol;
 Norlevorphanol;
 Normethadone;
 Norpipanone;
 N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl]-2-furancarboxamide (other name: Furanyl fentanyl);
 N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl]-2-propenamide (other name: Acryl fentanyl);
 N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl]-butanamide (other name: butyryl fentanyl);
 N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl]-pentanamide (other name: Pentanoyl fentanyl);
 N-phenyl-N-[1-(2-thienyl)ethyl-4-piperidinyl]-propanamide (other name: thiofentanyl);
 Phenadoxone;
 Phenampromide;
 Phenomorphan;
 Phenoperidine;
 Piritramide;
 Proheptazine;
 Properidine;
 Propiram;
 Racemoramide;
 Tilidine;
 Trimeperidine;
 N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl]-1,3-benzodioxole-5-carboxamide (other name: Benzodioxole fentanyl);
 3,4-dichloro-N-[2-(diethylamino)cyclohexyl]-N-methylbenzamide (other name: U-49900);
 2-(2,4-dichlorophenyl)-N-[2-(dimethylamino)cyclohexyl]-N-methyl acetamide (other name: U-48800);
 2-(3,4-dichlorophenyl)-N-[2-(dimethylamino)cyclohexyl]-N-methyl acetamide (other name: U-51754);
 N-(2-fluorophenyl)-2-methoxy-N-[1-(2-phenylethyl)-4-piperidinyl]-acetamide (other name: Ocfentanil);
 N-(4-methoxyphenyl)-N-[1-(2-phenylethyl)-4-piperidinyl]-butanamide (other name: 4-methoxybutyrylfentanyl);
 N-phenyl-2-methyl-N-[1-(2-phenylethyl)-4-piperidinyl]-propanamide (other name: Isobutyryl fentanyl);
 N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl]-cyclopentanecarboxamide (other name: Cyclopentyl fentanyl);
 N-phenyl-N-(1-methyl-4-piperidinyl)-propanamide (other name: N-methyl norfentanyl);
 N-[2-(dimethylamino)cyclohexyl]-N-methyl-1,3-benzodioxole-5-carboxamide (other names: 3,4-methylenedioxy U-47700 or 3,4-MDO-U-47700);
 N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl]-2-butenamide (other name: Crotonyl fentanyl);
 N-phenyl-N-[4-phenyl-1-(2-phenylethyl)-4-piperidinyl]-propanamide (other name: 4-phenylfentanyl);
 N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl]-benzamide (other names: Phenyl fentanyl, Benzoyl fentanyl);
 N-[2-(dimethylamino)cyclohexyl]-N-phenylfuran-2-carboxamide (other name: Furanyl UF-17);
 N-[2-(dimethylamino)cyclohexyl]-N-phenylpropionamide (other name: UF-17);
 3,4-dichloro-N-[2-(dimethylamino)cyclohexyl]-N-isopropyl-benzamide (other name: Isopropyl

U-47700).

2. Any of the following opium derivatives, their salts, isomers and salts of isomers, unless specifically excepted, whenever the existence of these salts, isomers and salts of isomers is possible within the specific chemical designation:

Acetorphine;
 Acetyldihydrocodeine;
 Benzylmorphine;
 Codeine methylbromide;
 Codeine-N-Oxide;
 Cyprenorphine;
 Desomorphine;
 Dihydromorphine;
 Drotebanol;
 Etorphine;
 Heroin;
 Hydromorphanol;
 Methyldesorphine;
 Methyldihydromorphine;
 Morphine methylbromide;
 Morphine methylsulfonate;
 Morphine-N-Oxide;
 Myorphine;
 Nicocodeine;
 Nicomorphine;
 Normorphine;
 Pholcodine;
 Thebacon.

3. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation, which contains any quantity of the following hallucinogenic substances, or which contains any of its salts, isomers, and salts of isomers, whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation (for purposes of this subdivision only, the term "isomer" includes the optical, position, and geometric isomers):

Alpha-ethyltryptamine (some trade or other names: Monase; a-ethyl-1H-indole-3-ethanamine; 3-2-aminobutyl] indole; a-ET; AET);

4 - B r o m o - 2 , 5 - d i m e t h o x y p h e n e t h y l a m i n e (s o m e t r a d e o r o t h e r n a m e s : 2-4-bromo-2,5-dimethoxyphenyl]-1-aminoethane; alpha-desmethyl DOB; 2C-B; Nexus);

3,4-methylenedioxy amphetamine;
 5-methoxy-3,4-methylenedioxy amphetamine;
 3,4,5-trimethoxy amphetamine;

Alpha-methyltryptamine (other name: AMT);

Bufotenine;

Diethyltryptamine;

Dimethyltryptamine;

4-methyl-2,5-dimethoxyamphetamine;

2,5-dimethoxy-4-ethylamphetamine (DOET);

4-fluoro-N-ethylamphetamine;

2,5-dimethoxy-4-(n)-propylthiophenethylamine (other name: 2C-T-7);

Ibogaine;

5-methoxy-N,N-diisopropyltryptamine (other name: 5-MeO-DIPT);

Lysergic acid diethylamide;

Mescaline;

Parahexyl (some trade or other names:

3-Hexyl-1-hydroxy-7,8,9,10-tetrahydro-6,6,9-trimethyl-6H-dibenzo [b,d] pyran; Synhexyl);

Peyote;

N-ethyl-3-piperidyl benzilate;

N-methyl-3-piperidyl benzilate;

Psilocybin;

Psilocyn;

Salvinorin A;

Tetrahydrocannabinols, except as present in (i) industrial hemp, as defined in § 3.2-4112, that is possessed by a person registered pursuant to subsection A of § 3.2-4115 or his agent; (ii) a hemp product, as defined in § 3.2-4112, containing a tetrahydrocannabinol concentration of no greater than 0.3 percent that is derived from industrial hemp, as defined in § 3.2-4112, that is grown, dealt, or processed in compliance with state or federal law; (iii) marijuana; (iv) dronabinol in sesame oil and encapsulated

in a soft gelatin capsule in a drug product approved by the U.S. Food and Drug Administration; or (v) industrial hemp, as defined in § 3.24112, that is possessed by a person who holds a hemp producer license issued by the U.S. Department of Agriculture pursuant to 7 C.F.R. Part 990;

2,5-dimethoxyamphetamine (some trade or other names: 2,5-dimethoxy-a-methylphenethylamine; 2,5-DMA);

3,4-methylenedioxymethamphetamine (MDMA), its optical, positional and geometric isomers, salts and salts of isomers;

3,4-methylenedioxy-N-ethylamphetamine (also known as N-ethyl-alpha-methyl-3,4(methylenedioxy)phenethylamine, N-ethyl MDA, MDE, MDEA);

N-hydroxy-3,4-methylenedioxyamphetamine (some other names: N-hydroxy-alpha-methyl-3,4(methylenedioxy)phenethylamine, and N-hydroxy MDA);

4-bromo-2,5-dimethoxyamphetamine (some trade or other names: 4-bromo-2,5-dimethoxy-a-methylphenethylamine; 4-bromo-2,5-DMA);

4-methoxyamphetamine (some trade or other names: 4-methoxy-a-methylphenethylamine; paramethoxyamphetamine; PMA);

Ethylamine analog of phencyclidine (some other names: N-ethyl-1-phenylcyclohexylamine, (1-phenylcyclohexyl) ethylamine, N-(1-phenylcyclohexyl) ethylamine, cyclohexamine, PCE);

Pyrrolidine analog of phencyclidine (some other names: 1-(1-phenylcyclohexyl)-pyrrolidine, PCPy, PHP);

Thiophene analog of phencyclidine (some other names: 1-[1-(2-thienyl)-cyclohexyl]-piperidine, 2-thienyl analog of phencyclidine, TPCP, TCP);

1-1-(2-thienyl)cyclohexyl]pyrrolidine (other name: TCPy);

3,4-methylenedioxypropylvalerone (other name: MDPV);

4-methylmethcathinone (other names: mephedrone, 4-MMC);

3,4-methylenedioxymethcathinone (other name: methylone);

Naphthylpropylvalerone (other name: naphyrone);

4-fluoromethcathinone (other names: flephedrone, 4-FMC);

4-methoxymethcathinone (other names: methedrone; bk-PMMA);

Ethcathinone (other name: N-ethylcathinone);

3,4-methylenedioxyethcathinone (other name: ethylone);

Beta-keto-N-methyl-3,4-benzodioxolylbutanamine (other name: butylone);

N,N-dimethylcathinone (other name: metamfepramone);

Alpha-pyrrolidinopropiophenone (other name: alpha-PPP);

4-methoxy-alpha-pyrrolidinopropiophenone (other name: MOPPP);

3,4-methylenedioxy-alpha-pyrrolidinopropiophenone (other name: MDPPP);

Alpha-pyrrolidinovalerophenone (other name: alpha-PVP);

6,7-dihydro-5H-indeno-(5,6-d)-1,3-dioxol-6-amine (other name: MDAI);

3-fluoromethcathinone (other name: 3-FMC);

4-Ethyl-2,5-dimethoxyphenethylamine (other name: 2C-E);

4-Iodo-2,5-dimethoxyphenethylamine (other name: 2C-I);

4-Methylethcathinone (other name: 4-MEC);

4-Ethylmethcathinone (other name: 4-EMC);

N,N-diallyl-5-methoxytryptamine (other name: 5-MeO-DALT);

Beta-keto-methylbenzodioxolylpentanamine (other names: Pentylone, bk-MBDP);

Alpha-methylamino-butyrophenone (other name: Buphedrone);

Alpha-methylamino-valerophenone (other name: Pentedrone);

3,4-Dimethylmethcathinone (other name: 3,4-dmmc);

4-methyl-alpha-pyrrolidinopropiophenone (other name: MPPP);

4-Iodo-2,5-dimethoxy-N-[(2-methoxyphenyl)methyl]-benzeneethanamine (other names: 25-I, 25I-NBOMe, 2C-I-NBOMe);

Methoxetamine (other names: MXE, 3-MeO-2-Oxo-PCE);

4-Fluoromethamphetamine (other name: 4-FMA);

4-Fluoroamphetamine (other name: 4-FA);

2-(2,5-Dimethoxy-4-methylphenyl)ethanamine (other name: 2C-D);

2-(4-Chloro-2,5-dimethoxyphenyl)ethanamine (other name: 2C-C);

2-[4-(Ethylthio)-2,5-dimethoxyphenyl]ethanamine (other name: 2C-T-2);

2-[4-(Isopropylthio)-2,5-dimethoxyphenyl]ethanamine (other name: 2C-T-4);

2-(2,5-Dimethoxyphenyl)ethanamine (other name: 2C-H);

2-(2,5-Dimethoxy-4-nitro-phenyl)ethanamine (other name: 2C-N);

2-(2,5-Dimethoxy-4-(n)-propylphenyl)ethanamine (other name: 2C-P);

(2-aminopropyl)benzofuran (other name: APB);

(2-aminopropyl)-2,3-dihydrobenzofuran (other name: APDB);

4-chloro-2,5-dimethoxy-N-[(2-methoxyphenyl)methyl]-benzeneethanamine (other names: 2C-C-NBOMe, 25C-NBOMe, 25C);

4-bromo-2,5-dimethoxy-N-[(2-methoxyphenyl)methyl]-benzeneethanamine (other names: 2C-B-NBOMe, 25B-NBOMe, 25B);
 Acetoxymethyltryptamine (other names: AcO-Psilocin, AcO-DMT, Psilacetin);
 Benocyclidine (other names: BCP, BTCP);
 Alpha-pyrrolidinobutylphenone (other name: alpha-PBP);
 3,4-methylenedioxy-N,N-dimethylcathinone (other names: Dimethylone, bk-MDDMA);
 4-bromomethylcathinone (other name: 4-BMC);
 4-chloromethylcathinone (other name: 4-CMC);
 4-Iodo-2,5-dimethoxy-N-[(2-hydroxyphenyl)methyl]-benzeneethanamine (other name: 25I-NBOH);
 Alpha-Pyrrolidinohexiophenone (other name: alpha-PHP);
 Alpha-Pyrrolidinoheptiophenone (other name: PV8);
 5-methoxy-N,N-methylisopropyltryptamine (other name: 5-MeO-MIPT);
 Beta-keto-N,N-dimethylbenzodioxolylbutanamine (other names: Dibutylone, bk-DMBDB);
 Beta-keto-4-bromo-2,5-dimethoxyphenethylamine (other name: bk-2C-B);
 1-(1,3-benzodioxol-5-yl)-2-(ethylamino)-1-pentanone (other name: N-ethylpentylone);
 1-[1-(3-methoxyphenyl)cyclohexyl]piperidine (other name: 3-methoxy PCP);
 1-[1-(4-methoxyphenyl)cyclohexyl]piperidine (other name: 4-methoxy PCP);
 4-Chloroethylcathinone (other name: 4-CEC);
 3-Methoxy-2-(methylamino)-1-(4-methylphenyl)-1-propanone (other name: Mexedrone);
 1-propionyl lysergic acid diethylamide (other name: 1P-LSD);
 (2-Methylaminopropyl)benzofuran (other name: MAPB);
 1-(1,3-benzodioxol-5-yl)-2-(dimethylamino)-1-pentanone (other names: N,N-Dimethylpentylone, Dipentylone);
 1-(4-methoxyphenyl)-2-(pyrrolidin-1-yl)octan-1-one (other name: 4-methoxy-PV9);
 3,4-tetramethylene-alpha-pyrrolidinovalerophenone (other name: TH-PVP);
 4-allyloxy-3,5-dimethoxyphenethylamine (other name: Allylescaline);
 4-Bromo-2,5-dimethoxy-N-[(2-hydroxyphenyl)methyl]-benzeneethanamine (other name: 25B-NBOH);
 4-chloro-alpha-methylamino-valerophenone (other name: 4-chloropentadron);
 4-chloro-alpha-Pyrrolidinovalerophenone (other name: 4-chloro-alpha-PVP);
 4-fluoro-alpha-Pyrrolidinoheptiophenone (other name: 4-fluoro-PV8);
 4-hydroxy-N,N-diisopropyltryptamine (other name: 4-OH-DIPT);
 4-methyl-alpha-ethylaminopentiophenone;
 4-methyl-alpha-Pyrrolidinohexiophenone (other name: MPHP);
 5-methoxy-N,N-dimethyltryptamine (other name: 5-MeO-DMT);
 5-methoxy-N-ethyl-N-isopropyltryptamine (other name: 5-MeO-EIPT);
 6-ethyl-6-nor-lysergic acid diethylamide (other name: ETH-LAD);
 6-allyl-6-nor-lysergic acid diethylamide (other name: AL-LAD);
 (N-methyl aminopropyl)-2,3-dihydrobenzofuran (other name: MAPDB);
 2-(methylamino)-2-phenyl-cyclohexanone (other name: Deschloroketamine);
 2-(ethylamino)-2-phenyl-cyclohexanone (other name: deschloro-N-ethyl-ketamine);
 2-methyl-1-(4-(methylthio)phenyl)-2-morpholinopropiophenone (other name: MMMP);
 Alpha-ethylaminohexanophenone (other name: N-ethylhexedrone);
 N-ethyl-1-(3-methoxyphenyl)cyclohexylamine (other name: 3-methoxy-PCE);
 4-fluoro-alpha-pyrrolidinohexiophenone (other name: 4-fluoro-alpha-PHP);
 N-ethyl-1,2-diphenylethylamine (other name: Ephendine);
 2,5-dimethoxy-4-chloroamphetamine (other name: DOC);
 3,4-methylenedioxy-N-tert-butylcathinone;
 Alpha-pyrrolidinoisohexiophenone (other name: alpha-PiHP);
 1-[1-(3-hydroxyphenyl)cyclohexyl]piperidine (other name: 3-hydroxy PCP);
 4-acetyloxy-N,N-diallyltryptamine (other name: 4-AcO-DALT);
 4-hydroxy-N,N-methylisopropyltryptamine (other name: 4-hydroxy-MIPT);
 3,4-Methylenedioxy-alpha-pyrrolidinohexanophenone (other name: MDPHP);
 5-methoxy-N,N-dibutyltryptamine (other name: 5-methoxy-DBT);
 1-(1,3-benzodioxol-5-yl)-2-(ethylamino)-1-butanone (other names: Eutylone, bk-EBDB);
 1-(1,3-benzodioxol-5-yl)-2-(butylamino)-1-pentanone (other name: N-butylpentylone);
 N-benzyl-3,4-dimethoxyamphetamine (other name: N-benzyl-3,4-DMA);
 1-(benzo[d][1,3]dioxol-5-yl)-2-(sec-butylamino)pentan-1-one (other name: N-sec-butyl Pentylone);
 1-cyclopropionyl lysergic acid diethylamide (other name: 1cP-LSD);
 2-(ethylamino)-1-phenylheptan-1-one (other name: N-ethylheptedrone);
 (2-ethylaminopropyl)benzofuran (other name: EAPB);
 4-ethyl-2,5-dimethoxy-N-[(2-hydroxyphenyl)methyl]-benzeneethanamine (other name: 25E-NBOH);
 2-fluoro-Deschloroketamine (other name: 2-(2-fluorophenyl)-2-(methylamino)-cyclohexanone);
 4-hydroxy-N-ethyl-N-propyltryptamine (other name: 4-hydroxy-EPT);
 2-(isobutylamino)-1-phenylhexan-1-one (other names: N-Isobutyl Hexedrone,

alpha-isobutylaminohexanphenone);

1-(4-methoxyphenyl)-N-methylpropan-2-amine (other names: para-Methoxymethamphetamine, PMMA);

N-ethyl-1-(3-hydroxyphenyl)cyclohexylamine (other name: 3-hydroxy-PCE);

N-heptyl-3,4-dimethoxyamphetamine (other name: N-heptyl-3,4-DMA);

N-hexyl-3,4-dimethoxyamphetamine (other name: N-hexyl-3,4-DMA);

4-fluoro-3-methyl-alpha-pyrrolidinovalerophenone (other name: 4-fluoro-3-methyl-alpha-PVP);

4-fluoro-alpha-methylamino-valerophenone (other name: 4-fluoropentedrone);

N-(1,4-dimethylpentyl)-3,4-dimethoxyamphetamine (other name: N-(1,4-dimethylpentyl)-3,4-DMA);

4,5-methylenedioxy-N,N-diisopropyltryptamine (other name: 4,5-MDO-DiPT);

Alpha-pyrrolidinocyclohexanophenone (other name: alpha-PCYP);

3,4-methylenedioxy-alpha-pyrrolidinoheptiophenone (other name: MDPV8);

4-chloro-alpha-methylaminobutiophenone (other name: 4-chloro Buphedrone).

4. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture or preparation which contains any quantity of the following substances having a depressant effect on the central nervous system, including its salts, isomers and salts of isomers whenever the existence of such salts, isomers and salts of isomers is possible within the specific chemical designation:

5-(2-chlorophenyl)-1,3-dihydro-3-methyl-7-nitro-2H-1,4-benzodiazepin-2-one (other name: Meclonazepam);

7-chloro-5-(2-fluorophenyl)-1,3-dihydro-1,4-benzodiazepin-2-one (other name: Norfludiazepam);

Bromazolam;

Clonazolam;

Deschloroetizolam;

Etizolam;

Flualprazolam;

Flubromazepam;

Flubromazolam;

Gamma hydroxybutyric acid (some other names include GHB; gamma hydroxybutyrate; 4-hydroxybutyrate; 4-hydroxybutanoic acid; sodium oxybate; sodium oxybutyrate);

Mecloqualone;

Methaqualone.

5. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system, including its salts, isomers and salts of isomers:

2-(3-fluorophenyl)-3-methylmorpholine (other name: 3-fluorophenmetrazine);

Aminorex (some trade or other names; aminoxaphen; 2-amino-5-phenyl-2-oxazoline; 4,5-dihydro-5-phenyl-2-oxazolamine);

Cathinone (some trade or other names: 2-amino-1-phenyl-1-propanone, alpha-aminopropiophenone, 2-aminopropiophenone, norephedrone), and any plant material from which Cathinone may be derived;

Cis-4-methylaminorex (other name: cis-4,5-dihydro-4-methyl-5-phenyl-2-oxazolamine);

Ethylamphetamine;

Ethyl phenyl(piperidin-2-yl)acetate (other name: Ethylphenidate);

Fenethylamine;

Methcathinone (some other names: 2-(methylamino)-propiofenone; alpha-(methylamino)-propiofenone; 2-(methylamino)-1-phenylpropan-1-one; alpha-N-methylaminopropiophenone; monomethylpropion; ephedrone; N-methylcathinone; methylcathinone; AL-464; AL-422; AL-463 and UR 1432);

N-Benzylpiperazine (some other names: BZP, 1-benzylpiperazine);

N,N-dimethylamphetamine (other names: N,N-alpha-trimethyl-benzeneethanamine, N,N-alpha-trimethylphenethylamine);

Methyl 2-(4-fluorophenyl)-2-(2-piperidinyl)acetate (other name: 4-fluoromethylphenidate);

Isopropyl-2-phenyl-2-(2-piperidinyl)acetate (other name: Isopropylphenidate);

4-chloro-N,N-dimethylcathinone;

3,4-methylenedioxy-N-benzylcathinone (other name: BMDP).

6. Any substance that contains one or more cannabimimetic agents or that contains their salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation, and any preparation, mixture, or substance containing, or mixed or infused with, any detectable amount of one or more cannabimimetic agents.

a. "Cannabimimetic agents" includes any substance that is within any of the following structural classes:

2-(3-hydroxycyclohexyl)phenol with substitution at the 5-position of the phenolic ring by alkyl or alkenyl, whether or not substituted on the cyclohexyl ring to any extent;

3-(1-naphthoyl)indole or 1H-indol-3-yl-(1-naphthyl)methane with substitution at the nitrogen atom of the indole ring, whether or not further substituted on the indole ring to any extent, whether or not

substituted on the naphthoyl or naphthyl ring to any extent;

3-(1-naphthoyl)pyrrole with substitution at the nitrogen atom of the pyrrole ring, whether or not further substituted in the pyrrole ring to any extent, whether or not substituted on the naphthoyl ring to any extent;

1-(1-naphthylmethyl)indene with substitution of the 3-position of the indene ring, whether or not further substituted in the indene ring to any extent, whether or not substituted on the naphthyl ring to any extent;

3-phenylacetylindole or 3-benzoylindole with substitution at the nitrogen atom of the indole ring, whether or not further substituted in the indole ring to any extent, whether or not substituted on the phenyl ring to any extent;

3-cyclopropylindole with substitution at the nitrogen atom of the indole ring, whether or not further substituted on the indole ring to any extent, whether or not substituted on the cyclopropyl ring to any extent;

3-adamantoylindole with substitution at the nitrogen atom of the indole ring, whether or not further substituted on the indole ring to any extent, whether or not substituted on the adamantyl ring to any extent;

N-(adamantyl)-indole-3-carboxamide with substitution at the nitrogen atom of the indole ring, whether or not further substituted on the indole ring to any extent, whether or not substituted on the adamantyl ring to any extent; and

N-(adamantyl)-indazole-3-carboxamide with substitution at a nitrogen atom of the indazole ring, whether or not further substituted on the indazole ring to any extent, whether or not substituted on the adamantyl ring to any extent.

b. The term "cannabimimetic agents" includes:

- 5-(1,1-Dimethylheptyl)-2-[3-hydroxycyclohexyl]-phenol (other name: CP 47,497);
- 5-(1,1-Dimethylhexyl)-2-[3-hydroxycyclohexyl]-phenol (other name: CP 47,497 C6 homolog);
- 5-(1,1-Dimethyloctyl)-2-[3-hydroxycyclohexyl]-phenol (other name: CP 47,497 C8 homolog);
- 5-(1,1-Dimethylnonyl)-2-[3-hydroxycyclohexyl]-phenol (other name: CP 47,497 C9 homolog);
- 1-pentyl-3-(1-naphthoyl)indole (other names: JWH-018, AM-678);
- 1-butyl-3-(1-naphthoyl)indole (other name: JWH-073);
- 1-pentyl-3-(2-methoxyphenylacetyl)indole (other name: JWH-250);
- 1-hexyl-3-(naphthalen-1-oyl)indole (other name: JWH-019);
- 1-[2-(4-morpholinyl)ethyl]-3-(1-naphthoyl)indole (other name: JWH-200);
- (6aR,10aR)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (other name: HU-210);
- 1-pentyl-3-(4-methoxy-1-naphthoyl)indole (other name: JWH-081);
- 1-pentyl-3-(4-methyl-1-naphthoyl)indole (other name: JWH-122);
- 1-pentyl-3-(2-chlorophenylacetyl)indole (other name: JWH-203);
- 1-pentyl-3-(4-ethyl-1-naphthoyl)indole (other name: JWH-210);
- 1-pentyl-3-(4-chloro-1-naphthoyl)indole (other name: JWH-398);
- 1-(5-fluoropentyl)-3-(2-iodobenzoyl)indole (other name: AM-694);
- 1-((N-methylpiperidin-2-yl)methyl)-3-(1-naphthoyl)indole (other name: AM-1220);
- 1-(5-fluoropentyl)-3-(1-naphthoyl)indole (other name: AM-2201);
- 1-[(N-methylpiperidin-2-yl)methyl]-3-(2-iodobenzoyl)indole (other name: AM-2233);
- Pravadoline (4-methoxyphenyl)-[2-methyl-1-(2-(4-morpholinyl)ethyl)indol-3-yl]methanone (other name: WIN 48,098);
- 1-pentyl-3-(4-methoxybenzoyl)indole (other names: RCS-4, SR-19);
- 1-(2-cyclohexylethyl)-3-(2-methoxyphenylacetyl)indole (other names: RCS-8, SR-18);
- 1-pentyl-3-(2,2,3,3-tetramethylcyclopropylmethanone)indole (other name: UR-144);
- 1-(5-fluoropentyl)-3-(2,2,3,3-tetramethylcyclopropylmethanone)indole (other names: XLR-11, 5-fluoro-UR-144);
- N-adamantyl-1-fluoropentylindole-3-carboxamide (other name: STS-135);
- N-adamantyl-1-pentylindazole-3-carboxamide (other names: AKB48, APINACA);
- 1-pentyl-3-(1-adamantoyl)indole (other name: AB-001);
- (8-quinolinyl)(1-pentylindol-3-yl)carboxylate (other name: PB-22);
- (8-quinolinyl)(1-(5-fluoropentyl)indol-3-yl)carboxylate (other name: 5-fluoro-PB-22);
- (8-quinolinyl)(1-cyclohexylmethyl-indol-3-yl)carboxylate (other name: BB-22);
- N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-pentylindazole-3-carboxamide (other name: AB-PINACA);
- N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(4-fluorobenzyl)indazole-3-carboxamide (other name: AB-FUBINACA);
- 1-(5-fluoropentyl)-3-(1-naphthoyl)indazole (other name: THJ-2201);
- N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-pentylindazole-3-carboxamide (other name: ADB-PINACA);
- N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(cyclohexylmethyl)indazole-3-carboxamide (other name: AB-CHMINACA);

N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(5-fluoropentyl)indazole-3-carboxamide (other name: 5-fluoro-AB-PINACA);
 N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-(cyclohexylmethyl)indazole-3-carboxamide (other names: ADB-CHMINACA, MAB-CHMINACA);
 Methyl-2-(1-(5-fluoropentyl)-1H-indazole-3-carboxamido)-3-methylbutanoate (other name: 5-fluoro-AMB);
 1-naphthalenyl 1-(5-fluoropentyl)-1H-indole-3-carboxylate (other name: NM-2201);
 1-(4-fluorobenzyl)-3-(2,2,3,3-tetramethylcyclopropylmethanone)indole (other name: FUB-144);
 1-(5-fluoropentyl)-3-(4-methyl-1-naphthoyl)indole (other name MAM-2201);
 N-(1-Amino-3,3-dimethyl-1-oxobutan-2-yl)-1-[(4-fluorophenyl)methyl]-1H-indazole-3-carboxamide (other name: ADB-FUBINACA);
 Methyl 2-[1-[(4-fluorophenyl)methyl]-1H-indazole-3-carboxamido]-3,3-dimethylbutanoate (other name: MDMA-FUBINACA);
 Methyl 2-[1-(5-fluoropentyl)-1H-indazole-3-carboxamido]-3,3-dimethylbutanoate (other names: 5-fluoro-ADB, 5-Fluoro-MDMA-PINACA);
 Methyl 2-({1-[(4-fluorophenyl)methyl]-1H-indazole-3-carbonyl}amino)-3-methylbutanoate (other names: AMB-FUBINACA, FUB-AMB);
 N-(adamantan-1-yl)-1-(4-fluorobenzyl)-1H-indazole-3-carboxamide (other names: FUB-AKB48, 5F-APINACA);
 N-(adamantan-1-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide (other name: 5F-AKB48);
 N-(adamantan-1-yl)-1-(5-chloropentyl) indazole-3-carboxamide (other name: 5-chloro-AKB48);
 Naphthalen-1-yl 1-pentyl-1H-indazole-3-carboxylate (other name: SDB-005);
 N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(cyclohexylmethyl)indole-3-carboxamide (other name: AB-CHMICA);
 1-pentyl-N-(phenylmethyl)-1H-indole-3-carboxamide (other name: SDB-006);
 Quinolin-8-yl 1-(4-fluorobenzyl)-1H-indole-3-carboxylate (other name: FUB-PB-22);
 Methyl N-[1-(cyclohexylmethyl)-1H-indole-3-carbonyl]valinate (other name: MMB-CHMICA);
 N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-(5-fluoropentyl)indazole-3-carboxamide (other name: 5-fluoro-ADB-PINACA);
 1-(4-cyanobutyl)-N-(1-methyl-1-phenylethyl)-1H-indazole-3-carboxamide (other name: 4-cyano CUMYL-BUTINACA);
 Methyl 2-[1-(5-fluoropentyl)-1H-indole-3-carboxamido]-3,3-dimethylbutanoate (other names: 5-fluoro MDMA-PICA, 5F-MDMA-PICA);
 Ethyl 2-({1-[(4-fluorophenyl)methyl]-1H-indazole-3-carbonyl}amino)-3-methylbutanoate (other name: EMB-FUBINACA);
 Methyl 2-[1-(4-fluorobutyl)-1H-indazole-3-carboxamido]-3,3-dimethylbutanoate (other name: 4-fluoro-MDMA-BUTINACA);
 1-(5-fluoropentyl)-N-(1-methyl-1-phenylethyl)-1H-indole-3-carboxamide (other name: 5-fluoro CUMYL-PICA);
 Methyl 2-[1-(pent-4-enyl)-1H-indazole-3-carboxamido]-3,3-dimethylbutanoate (other name: MDMA-4en-PINACA);
 Methyl 2-({1-[(4-fluorophenyl)methyl]-1H-indole-3-carbonyl}amino)-3-methylbutanoate (other names: MMB-FUBICA, AMB-FUBICA);
 Methyl 2-[1-(4-penten-1-yl)-1H-indole-3-carboxamido]-3-methylbutanoate (other names: MMB022, MMB-4en-PICA);
 Methyl 2-[1-(5-fluoropentyl)-1H-indole-3-carboxamido]-3-methylbutanoate (other name: MMB 2201);
 Methyl 2-[1-(5-fluoropentyl)-1H-indole-3-carboxamido]-3-phenylpropanoate (other name: 5-fluoro-MPP-PICA);
 N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-butylindazole-3-carboxamide (other name: ADB-BUTINACA);
 N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(5-chloropentyl)indazole-3-carboxamide (other name: 5-chloro-AB-PINACA);
 1-(5-fluoropentyl)-N-(2-phenylpropan-2-yl)-1H-indazole-3-carboxamide (other names: 5F-CUMYL-PINACA, 5-fluoro CUMYL-PINACA, CUMYL-5F-PINACA);
 Ethyl 2-[1-(5-fluoropentyl)-1H-indazole-3-carboxamido]-3,3-dimethylbutanoate (other names: 5F-EDMB-PINACA, 5-fluoro EDMB-PINACA);
 Ethyl-2-[1-(5-fluoropentyl)-1H-indazole-3-carboxamido]-3-methylbutanoate (other names: 5-fluoro-EMB-PINACA, 5F-AEB);
 Ethyl 2-[1-(5-fluoropentyl)-1H-indole-3-carboxamido]-3-methylbutanoate (other name: 5-fluoro-EMB-PICA);
 Ethyl-2-[1-(5-fluoropentyl)-1H-indole-3-carboxamido]-3,3-dimethylbutanoate (other name: 5-fluoro EDMB-PICA);
 Methyl 2-[1-(4-fluorobutyl)-1H-indole-3-carboxamido]-3,3-dimethylbutanoate (other name: 4-fluoro-MDMA-BUTICA);

Methyl 2-(1-(cyclohexylmethyl)-1H-indole-3-carboxamido)-3,3-dimethylbutanoate (other names: MDMB-CHMICA, MMB-CHMINACA);

N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-(pent-4-enyl)indazole-3-carboxamide (other name: ADB-4en-PINACA).

§ 59.1-200. Prohibited practices.

A. The following fraudulent acts or practices committed by a supplier in connection with a consumer transaction are hereby declared unlawful:

1. Misrepresenting goods or services as those of another;
2. Misrepresenting the source, sponsorship, approval, or certification of goods or services;
3. Misrepresenting the affiliation, connection, or association of the supplier, or of the goods or services, with another;
4. Misrepresenting geographic origin in connection with goods or services;
5. Misrepresenting that goods or services have certain quantities, characteristics, ingredients, uses, or benefits;
6. Misrepresenting that goods or services are of a particular standard, quality, grade, style, or model;
7. Advertising or offering for sale goods that are used, secondhand, repossessed, defective, blemished, deteriorated, or reconditioned, or that are "seconds," irregulars, imperfects, or "not first class," without clearly and unequivocally indicating in the advertisement or offer for sale that the goods are used, secondhand, repossessed, defective, blemished, deteriorated, reconditioned, or are "seconds," irregulars, imperfects or "not first class";
8. Advertising goods or services with intent not to sell them as advertised, or with intent not to sell at the price or upon the terms advertised.

In any action brought under this subdivision, the refusal by any person, or any employee, agent, or servant thereof, to sell any goods or services advertised or offered for sale at the price or upon the terms advertised or offered, shall be prima facie evidence of a violation of this subdivision. This paragraph shall not apply when it is clearly and conspicuously stated in the advertisement or offer by which such goods or services are advertised or offered for sale, that the supplier or offeror has a limited quantity or amount of such goods or services for sale, and the supplier or offeror at the time of such advertisement or offer did in fact have or reasonably expected to have at least such quantity or amount for sale;

9. Making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;

10. Misrepresenting that repairs, alterations, modifications, or services have been performed or parts installed;

11. Misrepresenting by the use of any written or documentary material that appears to be an invoice or bill for merchandise or services previously ordered;

12. Notwithstanding any other provision of law, using in any manner the words "wholesale," "wholesaler," "factory," or "manufacturer" in the supplier's name, or to describe the nature of the supplier's business, unless the supplier is actually engaged primarily in selling at wholesale or in manufacturing the goods or services advertised or offered for sale;

13. Using in any contract or lease any liquidated damage clause, penalty clause, or waiver of defense, or attempting to collect any liquidated damages or penalties under any clause, waiver, damages, or penalties that are void or unenforceable under any otherwise applicable laws of the Commonwealth, or under federal statutes or regulations;

13a. Failing to provide to a consumer, or failing to use or include in any written document or material provided to or executed by a consumer, in connection with a consumer transaction any statement, disclosure, notice, or other information however characterized when the supplier is required by 16 C.F.R. Part 433 to so provide, use, or include the statement, disclosure, notice, or other information in connection with the consumer transaction;

14. Using any other deception, fraud, false pretense, false promise, or misrepresentation in connection with a consumer transaction;

15. Violating any provision of § 3.2-6509, 3.2-6512, 3.2-6513, 3.2-6513.1, 3.2-6514, 3.2-6515, 3.2-6516, or 3.2-6519 is a violation of this chapter;

16. Failing to disclose all conditions, charges, or fees relating to:

a. The return of goods for refund, exchange, or credit. Such disclosure shall be by means of a sign attached to the goods, or placed in a conspicuous public area of the premises of the supplier, so as to be readily noticeable and readable by the person obtaining the goods from the supplier. If the supplier does not permit a refund, exchange, or credit for return, he shall so state on a similar sign. The provisions of this subdivision shall not apply to any retail merchant who has a policy of providing, for a period of not less than 20 days after date of purchase, a cash refund or credit to the purchaser's credit card account for the return of defective, unused, or undamaged merchandise upon presentation of proof of purchase. In the case of merchandise paid for by check, the purchase shall be treated as a cash purchase and any refund may be delayed for a period of 10 banking days to allow for the check to clear. This subdivision does not apply to sale merchandise that is obviously distressed, out of date, post season, or otherwise reduced for clearance; nor does this subdivision apply to special order purchases where the purchaser

has requested the supplier to order merchandise of a specific or unusual size, color, or brand not ordinarily carried in the store or the store's catalog; nor shall this subdivision apply in connection with a transaction for the sale or lease of motor vehicles, farm tractors, or motorcycles as defined in § 46.2-100;

b. A layaway agreement. Such disclosure shall be furnished to the consumer (i) in writing at the time of the layaway agreement, or (ii) by means of a sign placed in a conspicuous public area of the premises of the supplier, so as to be readily noticeable and readable by the consumer, or (iii) on the bill of sale. Disclosure shall include the conditions, charges, or fees in the event that a consumer breaches the agreement;

16a. Failing to provide written notice to a consumer of an existing open-end credit balance in excess of \$5 (i) on an account maintained by the supplier and (ii) resulting from such consumer's overpayment on such account. Suppliers shall give consumers written notice of such credit balances within 60 days of receiving overpayments. If the credit balance information is incorporated into statements of account furnished consumers by suppliers within such 60-day period, no separate or additional notice is required;

17. If a supplier enters into a written agreement with a consumer to resolve a dispute that arises in connection with a consumer transaction, failing to adhere to the terms and conditions of such an agreement;

18. Violating any provision of the Virginia Health Club Act, Chapter 24 (§ 59.1-294 et seq.);

19. Violating any provision of the Virginia Home Solicitation Sales Act, Chapter 2.1 (§ 59.1-21.1 et seq.);

20. Violating any provision of the Automobile Repair Facilities Act, Chapter 17.1 (§ 59.1-207.1 et seq.);

21. Violating any provision of the Virginia Lease-Purchase Agreement Act, Chapter 17.4 (§ 59.1-207.17 et seq.);

22. Violating any provision of the Prizes and Gifts Act, Chapter 31 (§ 59.1-415 et seq.);

23. Violating any provision of the Virginia Public Telephone Information Act, Chapter 32 (§ 59.1-424 et seq.);

24. Violating any provision of § 54.1-1505;

25. Violating any provision of the Motor Vehicle Manufacturers' Warranty Adjustment Act, Chapter 17.6 (§ 59.1-207.34 et seq.);

26. Violating any provision of § 3.2-5627, relating to the pricing of merchandise;

27. Violating any provision of the Pay-Per-Call Services Act, Chapter 33 (§ 59.1-429 et seq.);

28. Violating any provision of the Extended Service Contract Act, Chapter 34 (§ 59.1-435 et seq.);

29. Violating any provision of the Virginia Membership Camping Act, Chapter 25 (§ 59.1-311 et seq.);

30. Violating any provision of the Comparison Price Advertising Act, Chapter 17.7 (§ 59.1-207.40 et seq.);

31. Violating any provision of the Virginia Travel Club Act, Chapter 36 (§ 59.1-445 et seq.);

32. Violating any provision of §§ 46.2-1231 and 46.2-1233.1;

33. Violating any provision of Chapter 40 (§ 54.1-4000 et seq.) of Title 54.1;

34. Violating any provision of Chapter 10.1 (§ 58.1-1031 et seq.) of Title 58.1;

35. Using the consumer's social security number as the consumer's account number with the supplier, if the consumer has requested in writing that the supplier use an alternate number not associated with the consumer's social security number;

36. Violating any provision of Chapter 18 (§ 6.2-1800 et seq.) of Title 6.2;

37. Violating any provision of § 8.01-40.2;

38. Violating any provision of Article 7 (§ 32.1-212 et seq.) of Chapter 6 of Title 32.1;

39. Violating any provision of Chapter 34.1 (§ 59.1-441.1 et seq.);

40. Violating any provision of Chapter 20 (§ 6.2-2000 et seq.) of Title 6.2;

41. Violating any provision of the Virginia Post-Disaster Anti-Price Gouging Act, Chapter 46 (§ 59.1-525 et seq.);

42. Violating any provision of Chapter 47 (§ 59.1-530 et seq.);

43. Violating any provision of § 59.1-443.2;

44. Violating any provision of Chapter 48 (§ 59.1-533 et seq.);

45. Violating any provision of Chapter 25 (§ 6.2-2500 et seq.) of Title 6.2;

46. Violating the provisions of clause (i) of subsection B of § 54.1-1115;

47. Violating any provision of § 18.2-239;

48. Violating any provision of Chapter 26 (§ 59.1-336 et seq.);

49. Selling, offering for sale, or manufacturing for sale a children's product the supplier knows or has reason to know was recalled by the U.S. Consumer Product Safety Commission. There is a rebuttable presumption that a supplier has reason to know a children's product was recalled if notice of the recall has been posted continuously at least 30 days before the sale, offer for sale, or manufacturing for sale on the website of the U.S. Consumer Product Safety Commission. This prohibition does not apply to children's products that are used, secondhand or "seconds";

50. Violating any provision of Chapter 44.1 (§ 59.1-518.1 et seq.);
51. Violating any provision of Chapter 22 (§ 6.2-2200 et seq.) of Title 6.2;
52. Violating any provision of § 8.2-317.1;
53. Violating subsection A of § 9.1-149.1;
54. Selling, offering for sale, or using in the construction, remodeling, or repair of any residential dwelling in the Commonwealth, any drywall that the supplier knows or has reason to know is defective drywall. This subdivision shall not apply to the sale or offering for sale of any building or structure in which defective drywall has been permanently installed or affixed;
55. Engaging in fraudulent or improper or dishonest conduct as defined in § 54.1-1118 while engaged in a transaction that was initiated (i) during a declared state of emergency as defined in § 44-146.16 or (ii) to repair damage resulting from the event that prompted the declaration of a state of emergency, regardless of whether the supplier is licensed as a contractor in the Commonwealth pursuant to Chapter 11 (§ 54.1-1100 et seq.) of Title 54.1;
56. Violating any provision of Chapter 33.1 (§ 59.1-434.1 et seq.);
57. Violating any provision of § 18.2-178, 18.2-178.1, or 18.2-200.1;
58. Violating any provision of Chapter 17.8 (§ 59.1-207.45 et seq.);
59. Violating any provision of subsection E of § 32.1-126;
60. Violating any provision of § 54.1-111 relating to the unlicensed practice of a profession licensed under Chapter 11 (§ 54.1-1100 et seq.) or Chapter 21 (§ 54.1-2100 et seq.) of Title 54.1;
61. Violating any provision of § 2.2-2001.5;
62. Violating any provision of Chapter 5.2 (§ 54.1-526 et seq.) of Title 54.1;
63. Violating any provision of § 6.2-312;
64. Violating any provision of Chapter 20.1 (§ 6.2-2026 et seq.) of Title 6.2;
65. Violating any provision of Chapter 26 (§ 6.2-2600 et seq.) of Title 6.2;
66. Violating any provision of Chapter 54 (§ 59.1-586 et seq.);
67. Knowingly violating any provision of § 8.01-27.5;
68. Failing to make available a conspicuous online option to cancel a recurring purchase of a good or service as required by § 59.1-207.46;
69. *Selling or offering for sale any substance intended for human consumption, orally or by inhalation, that contains a synthetic derivative of tetrahydrocannabinol. As used in this subdivision, "synthetic derivative" means a chemical compound produced by man through a chemical transformation to turn a compound into a different compound by adding or subtracting molecules to or from the original compound. This subdivision shall not (i) apply to products that are approved for marketing by the U.S. Food and Drug Administration and scheduled in the Drug Control Act (§ 54.1-3400 et seq.) or (ii) be construed to prohibit any conduct permitted under Article 4.2 (§ 54.1-3442.5 et seq.) of Chapter 34 of Title 54.1.*
70. Selling or offering for sale to a person younger than 21 years of age any substance intended for human consumption, orally or by inhalation, that contains tetrahydrocannabinol. This subdivision shall not (i) apply to products that are approved for marketing by the U.S. Food and Drug Administration and scheduled in the Drug Control Act (§ 54.1-3400 et seq.) or (ii) be construed to prohibit any conduct permitted under Article 4.2 (§ 54.1-3442.5 et seq.) of Chapter 34 of Title 54.1 ~~of the Code of Virginia~~;
- ~~70.~~ 71. Selling or offering for sale any substance intended for human consumption, orally or by inhalation, that contains tetrahydrocannabinol, unless such substance is (i) contained in child-resistant packaging, as defined in § 4.1-600; (ii) equipped with a label that states, in English and in a font no less than 1/16 of an inch, (a) that the substance contains tetrahydrocannabinol and may not be sold to persons younger than 21 years of age, (b) all ingredients contained in the substance, (c) the amount of such substance that constitutes a single serving, and (d) the total percentage and milligrams of tetrahydrocannabinol included in the substance and the number of milligrams of tetrahydrocannabinol that are contained in each serving; and (iii) accompanied by a certificate of analysis, produced by an independent laboratory that is accredited pursuant to standard ISO/IEC 17025 of the International Organization of Standardization by a third-party accrediting body, that states the tetrahydrocannabinol concentration of the substance or the tetrahydrocannabinol concentration of the batch from which the substance originates. This subdivision shall not (i) apply to products that are approved for marketing by the U.S. Food and Drug Administration and scheduled in the Drug Control Act (§ 54.1-3400 et seq.) or (ii) be construed to prohibit any conduct permitted under Article 4.2 (§ 54.1-3442.5 et seq.) of Chapter 34 of Title 54.1 ~~of the Code of Virginia~~;
- ~~71.~~ 72. Manufacturing, offering for sale at retail, or selling at retail an industrial hemp extract, as defined in § 3.2-5145.1, a food containing an industrial hemp extract, or a substance containing tetrahydrocannabinol that depicts or is in the shape of a human, animal, vehicle, or fruit; ~~and~~
- ~~72.~~ 73. Selling or offering for sale any substance intended for human consumption, orally or by inhalation, that contains tetrahydrocannabinol and, without authorization, bears, is packaged in a container or wrapper that bears, or is otherwise labeled to bear the trademark, trade name, famous mark as defined in 15 U.S.C. § 1125, or other identifying mark, imprint, or device, or any likeness thereof, of a manufacturer, processor, packer, or distributor of a product intended for human consumption other

than the manufacturer, processor, packer, or distributor that did in fact so manufacture, process, pack, or distribute such substance; *and*

74. *Selling or offering for sale a topical hemp product, as defined in § 3.2-4112, that does not include a label stating that the product is not intended for human consumption. This subdivision shall not (i) apply to products that are approved for marketing by the U.S. Food and Drug Administration and scheduled in the Drug Control Act (§ 54.1-3400 et seq.), (ii) be construed to prohibit any conduct permitted under Article 4.2 (§ 54.1-3442.5 et seq.) of Chapter 34 of Title 54.1, or (iii) apply to topical hemp products that were manufactured prior to July 1, 2023, provided that the person provides documentation of the date of manufacture if requested.*

B. Nothing in this section shall be construed to invalidate or make unenforceable any contract or lease solely by reason of the failure of such contract or lease to comply with any other law of the Commonwealth or any federal statute or regulation, to the extent such other law, statute, or regulation provides that a violation of such law, statute, or regulation shall not invalidate or make unenforceable such contract or lease.

§ 59.1-203. Restraining prohibited acts.

A. Notwithstanding any other provisions of law to the contrary, the Attorney General, any attorney for the Commonwealth, or the attorney for any city, county, or town may cause an action to be brought in the appropriate circuit court in the name of the Commonwealth, or of the county, city, or town to enjoin any violation of § 59.1-200 or 59.1-200.1. The circuit court having jurisdiction may enjoin such violations notwithstanding the existence of an adequate remedy at law. In any action under this section, it shall not be necessary that damages be proved.

B. Unless the Attorney General, any attorney for the Commonwealth, or the attorney for any county, city, or town determines that a person subject to the provisions of this chapter intends to depart from this Commonwealth or to remove his property herefrom, or to conceal himself or his property herein, or on a reasonable determination that irreparable harm may occur if immediate action is not taken, he shall, before initiating any legal proceedings as provided in this section, give notice in writing that such proceedings are contemplated, and allow such person a reasonable opportunity to appear before said attorney and show that a violation did not occur or execute an assurance of voluntary compliance, as provided in § 59.1-202.

C. The circuit courts are authorized to issue temporary or permanent injunctions to restrain and prevent violations of § 59.1-200 or 59.1-200.1.

D. The Commissioner of the Department of Agriculture and Consumer Services, or his duly authorized representative, shall have the power to inquire into possible violations of subdivisions A 18, 28, 29, 31, 39, ~~and~~ 41, as it relates to motor fuels, 69, 70, 71, 72, 73, *and* 74 of § 59.1-200 and § 59.1-335.12, and, if necessary, to request, but not to require, an appropriate legal official to bring an action to enjoin such violation.

E. *The Board of Directors of the Virginia Cannabis Control Authority, or its duly authorized representative, shall, upon the referral or request of the Attorney General or the Department of Agriculture and Consumer Services, have the power to inquire into possible violations of subdivisions A 69, 70, 71, 72, 73, and 74 of § 59.1-200 and, if necessary, to request, but not require, an appropriate legal official to bring an action to enjoin such violation.*

§ 59.1-206. Civil penalties; attorney fees.

A. In any action brought under this chapter, if the court finds that a person has willfully engaged in an act or practice in violation of § 59.1-200 or 59.1-200.1, the Attorney General, the attorney for the Commonwealth, or the attorney for the county, city, or town may recover for the Literary Fund, upon petition to the court, a civil penalty of not more than \$2,500 per violation. *If the court finds that a person has willfully committed a second or subsequent violation of subdivision A 69, 70, 71, 72, 73, or 74 of § 59.1-200, the Attorney General, the attorney for the Commonwealth, or the attorney for the county, city, or town may recover for the Literary Fund, upon petition to the court, a civil penalty of not more than \$5,000 per violation.*

B. For purposes of this section, prima facie evidence of a willful violation may be shown when the Attorney General, the attorney for the Commonwealth, or the attorney for the county, city, or town notifies the alleged violator by certified mail that an act or practice is a violation of § 59.1-200 or 59.1-200.1, and the alleged violator, after receipt of said notice, continues to engage in the act or practice.

~~B.~~ C. Any person who willfully violates the terms of an assurance of voluntary compliance or an injunction issued under § 59.1-203 shall forfeit and pay to the Literary Fund a civil penalty of not more than \$5,000 per violation. For purposes of this section, the circuit court issuing an injunction shall retain jurisdiction, and the cause shall be continued, and in such cases the Attorney General, the attorney for the Commonwealth, or the attorney for the county, city, or town may petition for recovery of civil penalties.

~~C.~~ D. In any action pursuant to subsection A ~~or~~, B, *or* C and in addition to any other amount awarded, the Attorney General, the attorney for the Commonwealth, or the attorney for the county, city, or town may recover any applicable civil penalty or penalties, costs, reasonable expenses incurred by the

state or local agency in investigating and preparing the case not to exceed \$1,000 per violation, and attorney's fees. Such civil penalty or penalties, costs, reasonable expenses, and attorney's fees shall be paid into the general fund of the Commonwealth or of the county, city, or town which such attorney represented.

~~D.~~ *E.* Nothing in this section shall be construed as limiting the power of the court to punish as contempt the violation of any order issued by the court, or as limiting the power of the court to enter other orders under § 59.1-203 or 59.1-205.

~~E.~~ *F.* The right of trial by jury as provided by law shall be preserved in actions brought under this section.

2. That the provisions of Article 4 (§§ 3.2-4122 through 3.2-4126) of Chapter 41.1 of Title 3.2 of the Code of Virginia, as created by this act, shall become effective when the Commissioner of the Department of Agriculture and Consumer Services (the Department) provides notice to the Virginia Code Commission that the Department has established the registration process necessary to implement the provisions of such article.

3. That the Department of Agriculture and Consumer Services (the Department) shall collect and compile information regarding enforcement actions taken by the Department pursuant to § 3.2-5145.2:1 of the Code of Virginia, as amended by this act, and the nature of the products manufactured, sold, or offered for sale in violation of § 3.2-5145.2:1 of the Code of Virginia, as amended by this act. The Department shall report its findings to the Governor and the Chairmen of the Senate Committee on Rehabilitation and Social Services and the House Committee on General Laws by November 1, 2023.

4. That the Virginia Cannabis Control Authority (the Authority) shall, in consultation with the Department of Agriculture and Consumer Services, conduct a study regarding edible hemp products and hemp products intended for smoking and report the following: (i) a summary of the approaches taken by other states to address the public safety and health challenges posed by the online and in-person sale of hemp-derived products and a recommendation as to whether the Commonwealth may benefit from adopting one or more of these approaches or another approach and (ii) a summary and the implications of any pending federal legislation on hemp-derived products. The Authority shall report its findings to the Governor and the Chairmen of the Senate Committee on Rehabilitation and Social Services and the House Committee on General Laws by November 1, 2023.

5. That notwithstanding any other provision of law, Article 4.2 (§§ 54.1-3442.5 through 54.1-3442.8) of Chapter 34 of Title 54.1 of the Code of Virginia shall remain effective until January 1, 2024.

6. That the provisions of this act may result in a net increase in periods of imprisonment or commitment. Pursuant to § 30-19.1:4 of the Code of Virginia, the estimated amount of the necessary appropriation is \$0 for periods of imprisonment in state adult correctional facilities and cannot be determined for periods of commitment to the custody of the Department of Juvenile Justice.

This is an official
CDC HEALTH ADVISORY

Distributed via the CDC Health Alert Network
September 14, 2021, 10:00 AM ET
CDCHAN-00451

Increases in Availability of Cannabis Products Containing Delta-8 THC and Reported Cases of Adverse Events

Summary

The purpose of this Health Alert Network (HAN) Health Advisory is to alert public health departments, healthcare professionals, first responders, poison control centers, laboratories, and the public to the increased availability of cannabis products containing delta-8 tetrahydrocannabinol (THC) and the potential for adverse events due to insufficient labeling of products containing THC and cannabidiol (CBD).

Background

Marijuana, which can also be called weed, pot, or dope, refers to all parts of the plant *Cannabis sativa L.*, including flower, seeds, and extracts with more than 0.3% delta-9 tetrahydrocannabinol (THC) by dry weight. Any part of the cannabis plant containing 0.3% or less THC by dry weight is defined as hemp.¹ The cannabis plant contains more than 100 cannabinoids, including THC, which is psychoactive (i.e., impairing or mind-altering) and causes a “high”.² CBD is another active cannabinoid found in the cannabis plant that is not psychoactive and does not cause a “high”.

The term THC most often refers to the delta-9 THC isomer, which is the most prominently occurring THC isomer in cannabis. However, THC has several other isomers that occur in the cannabis plant, including delta-8 THC. Delta-8 THC exists naturally in the cannabis plant in only small quantities and is estimated to be about 50-75% as psychoactive as delta-9 THC.^{3,4}

CBD can be synthetically converted into delta-8 THC, as well as delta-9 THC and other THC isomers, with a solvent, acid, and heat to produce higher concentrations of delta-8 THC than those found naturally in the cannabis plant.⁵ This conversion process, used to produce some marketed products, may create harmful by-products that presently are not well-characterized.

Delta-8 THC products are increasingly appearing in both marijuana and hemp marketplaces, some of which operate legally under state, territorial, or tribal laws.⁶ Most states and territories permit full or restricted hemp marketplaces that sell hemp and hemp-derived CBD products.⁷ Products sold as concentrated delta-8 THC are also available online. Delta-8 THC products are sometimes marketed as “weed light” or “diet weed.”

The health effects of delta-8 THC have not yet been researched extensively and are not well-understood. However, delta-8 THC is psychoactive and may have similar risks of impairment as delta-9 THC.⁴ As such, products that contain delta-8 THC but are labeled with only delta-9 THC content rather than with total THC content likely underestimate the psychoactive potential of these products for consumers. In addition, the sale of delta-8 THC products is not limited to regulated marijuana dispensaries in states, territories, or tribal nations where marketplaces operate under law. Rather, delta-8 THC products are sold by a wide range of businesses that sell hemp. As a result, delta-8 THC products may also have the potential to be confused with hemp or CBD products that are not intoxicating. Consumers who use these products may therefore experience unexpected or increased THC intoxication.

A wide variety of delta-8 THC-containing products have entered the marketplace, including, but not limited to, vapes, smokable hemp sprayed with delta-8 THC extract, distillates, tinctures, gummies,

chocolates, and infused beverages. In addition, because testing methods for products like synthetically derived delta-8 THC are still being developed, delta-8 THC products may not be tested systematically for contaminants such as heavy metals, solvents, or pesticides that may have adverse health effects.⁸

Recent increases in delta-8 THC-involved adverse events

In March 2021, the West Virginia Poison Control Center⁹ reported two cases of adverse events related to use of delta-8 THC products in adults. In both instances, individuals mistook the products containing delta-8 THC for CBD-like products. These exposures led to symptoms consistent with cannabis intoxication. The Michigan Poison Control Center¹⁰ also reported two cases of severe adverse events to delta-8 THC in two children who ingested a parent's delta-8 THC-infused gummies purchased from a vape shop. Both children experienced deep sedation and slowed breathing with initial increased heart rate progressing to slowed heart rate and decreased blood pressure. The children were admitted to the intensive care unit for further monitoring and oxygen supplementation.

In 2021, The American Association of Poison Control Centers (AAPCC) introduced a product code specific to delta-8 THC into its National Poison Data System (NPDS), allowing for the monitoring of delta-8 THC adverse events*. From January 1 to July 31, 2021, 660 delta-8 THC exposures were recorded with the new product code, and one additional case was recoded as a delta-8 THC exposure from October 2020. Eighteen percent of exposures (119 of 661 cases) required hospitalization, and 39% (258 of 661 cases) involved pediatric patients less than 18 years of age.

Syndromic surveillance data from emergency departments participating in the CDC's National Syndromic Surveillance Program (NSSP) show an increase in visits with a mention of delta-8 THC or some variation in the chief complaint text in recent months. More than 4,400 active emergency facilities that represent portions of 49 states and Washington, DC contribute data to NSSP, accounting for approximately 71% of all U.S. non-federal emergency departments. The first suspected visit associated with delta-8 THC in NSSP was observed in September 2020, with three additional visits observed through the end of 2020. Suspected visits have generally increased monthly in 2021 (three suspected visits were observed in January; six in February; 16 in March; 11 in April; 29 in May; 32 in June; and 48 in July 2021). The majority of these visits (73%, 109 of 149 visits) occurred in the Department of Health and Human Services' Regions 4 and 6, which are composed primarily of Southern states that have not passed state laws to allow non-medical adult cannabis use.¹¹ These numbers are likely an underestimate due to the potential for inaccurate and incomplete information about products used by consumers.

Several factors can influence both the type and severity of cannabis-related adverse events, including the type of cannabinoid ingested, concentration, route of exposure, and the individual characteristics of the person who consumed the cannabinoid such as their age, weight, and sex. Delta-8 THC intoxication can cause adverse effects similar to those observed during delta-9 THC intoxication^{10,12}, and may include—

- Lethargy
- Uncoordinated movements and decreased psychomotor activity
- Slurred speech
- Increased heart rate progressing to slowed heart rate
- Low blood pressure
- Difficulty breathing
- Sedation
- Coma

Summary

The rise in delta-8 THC products in marijuana and hemp marketplaces has increased the availability of psychoactive cannabis products, even in states, territories, and tribal nations where non-medical adult cannabis use is not permitted under law. Variations in product content, manufacturing practices, labeling, and potential misunderstanding of the psychoactive properties of delta-8 THC may lead to unexpected effects among consumers. Adverse event reports involving products that contain delta-8 THC that resulted in consumers' hospital or emergency department treatment have been described. Increased

reports of adverse events related to delta-8 THC, as well as preliminary reports of the emergence of other similarly produced products derived from cannabis warrant the continued monitoring and tracking of adverse events related to THC.

Recommendations for the Public and Consumers

- Consumers should be aware of possible limitations in the labeling of products containing THC and CBD even from approved marijuana and hemp retailers. Products reporting only delta-9 THC concentration, but not total THC may underestimate the psychoactive potential for consumers.
- Consumers should be aware that products labeled as hemp or CBD may contain delta-8 THC, and that products containing delta-8 THC can result in psychoactive effects. Delta-8 THC products are currently being sold in many states, territories, and tribal nations where non-medical adult cannabis use is not permitted by law. In addition, retailers may sell products outside of regulated dispensaries in states, territories, and tribal nations where cannabis use is permitted by law. This may provide consumers with a false sense of safety, as delta-8 THC products may be labeled as hemp or CBD, which consumers may not associate with psychoactive ingredients.
- Parents who consume edibles and other products that contain THC and CBD should store them safely away from children. Children may mistake some edibles that contain THC and CBD (e.g., fruit-flavored gummies containing delta-8 THC) as candy.
- If consumers experience adverse effects of THC- or CBD-containing products that are an immediate danger to their health, they should call their local or regional poison control center at 1-800-222-1222 or 911 or seek medical attention at their local emergency room and report the ingredients of ingested products to healthcare providers. Consumers are also encouraged to report adverse events to [MedWatch](#).
- Consumers should be aware that the cannabis marketplace continues to evolve. Other cannabis-derived products of potential concern have emerged recently, such as those containing delta-10 THC and THC-O acetate. More research is needed to understand the health effects of products containing these compounds.

Recommendations for Public Health Departments and Poison Control Centers, including those in locations where laws only permit hemp marketplaces

- Release information to healthcare providers and the public about the psychoactive qualities and the potential health implications of using products containing delta-8 THC and that products labeled as hemp or CBD may contain delta-8 THC.
- Poison control centers have a new code available to identify delta-8 THC exposures. For patients or providers reporting delta-8 THC consumption, poison control centers should use the American Association of Poison Control Centers code 310146 or product code 8297130 to indicate delta-8 THC exposure and aid in the continued surveillance of these exposures.
- States, territories, and tribal nations that have passed laws allowing non-medical use of adult cannabis or that may allow such use in the future may consider requiring the reporting of total THC content, including ingredients like delta-8 THC and other compounds that may be synthetically produced, on product labeling.
- Community-based organizations, such as Drug-Free Communities coalitions, can use information from this report to raise awareness in their communities about the potential negative health effects associated with use of delta-8 THC-containing products, as well as the emergence of other cannabis-derived products of potential concern.

Recommendations for Retailers Selling Cannabis Products

- Retailers selling cannabis products should provide information to consumers about the psychoactive qualities of delta-8 THC.
- Retailers selling cannabis products should report total THC content on product labeling, including ingredients like delta-8 THC that may be synthetically produced to create a psychoactive effect.

Recommendations for Healthcare Providers

- Healthcare providers should be vigilant in observing patients presenting with THC-like intoxication symptoms who do not report an exposure to marijuana or history of use. Symptomatic patients should be questioned about their use of CBD or delta-8 THC products.
- There is no specific antidote for THC intoxication. Treatment is largely symptomatic and supportive care. The ability to detect delta-8 THC with laboratory tests that hospitals use to detect delta-9 THC currently is not fully characterized. Consult with your hospital's medical toxicologist or local poison control center for toxicology consultations on treatment.

For More Information

- CDC Marijuana homepage: "[Marijuana and Public Health](#)"
- FDA Delta-8 THC Consumer Update: "[5 Things to Know about Delta-8 Tetrahydrocannabinol](#)"
- Visit [CDC-INFO](#) or call CDC-INFO at 1-800-232-4636
- CDC 24/7 Emergency Operations Center (EOC) 770-488-7100

References

1. [Agriculture Improvement Act of 2018](#). H.R.2, 115th Cong. (2017-2018).
2. Rosenberg EC, Tsien RW, Whalley BJ, Devinsky O. Cannabinoids and epilepsy. *Neurotherapeutics*, 12 (2015), pp. 747-768.
3. Razdan RK. CHEMISTRY AND STRUCTURE-ACTIVITY RELATIONSHIPS OF CANNABINOIDS: AN OVERVIEW, Editor(s): STIG AGURELL, WILLIAM L. DEWEY, ROBERT E. WILLETTE, *The Cannabinoids: Chemical, Pharmacologic, and Therapeutic Aspects*, Academic Press, 1984, Pages 63-78.
4. Hollister LE, Gillespie HK. Delta-8- and delta-9-tetrahydrocannabinol comparison in man by oral and intravenous administration. *Clin Pharmacol Ther.* 1973 May-Jun;14(3):353-7
5. Kiselak TD, Koerber R, Verbeck GF. Synthetic route of sourcing of illicit at home cannabidiol (CBD) isomerization to psychoactive cannabinoids using ion mobility-coupled-LC-MS/MS. *Forensic Sci Int* 2020; 308:110173.
6. Brightfield Group. [What's the Fate of Delta-8? Consumer, Product, and Regulatory Trends](#). Published 2021. Accessed August 31, 2021.
7. National Conference of State Legislatures (2020, April 16). [State Industrial Hemp Statutes](#).
8. Delta-8-THC, HB 3000, [2021 Oregon State Legislature Regular Session. Testimony of Steven Crowley](#).
9. West Virginia Substance Abuse Early Warning Network. Alert #WV003. Reported Cases of Adverse Reactions to Delta-8 THC Products in West Virginia. March 10, 2021.
10. Michigan Poison Center. [Fact Sheet: Emerging Public Health Concern: Delta-8 THC](#). April 23, 2021.
11. National Conference of State Legislatures (2021, July 14). [State Medical Marijuana Laws](#).
12. Grotenhermen F. Pharmacokinetics and pharmacodynamics of cannabinoids. *Clin Pharmacokinet.*2003;42(4):327-60.

* *The American Association of Poison Control Centers (AAPCC) maintains the National Poison Data System (NPDS), which houses de-identified case records of self-reported information collected from callers during exposure management and poison information calls managed by the country's poison control centers (PCCs). NPDS data do not reflect the entire universe of exposures to a particular substance as additional exposures may go unreported to PCCs; accordingly, NPDS data should not be construed to represent the complete incidence of U.S. exposures to any substance(s). Exposures do not necessarily represent a poisoning or overdose and AAPCC is not able to completely verify the accuracy of every report. Findings based on NPDS data do not necessarily reflect the opinions of AAPCC.*

The Centers for Disease Control and Prevention (CDC) protects people's health and safety by preventing and controlling diseases and injuries; enhances health decisions by providing credible information on critical health issues; and promotes healthy living through strong partnerships with local, national, and international organizations.

Categories of Health Alert Network messages:

Health Alert Requires immediate action or attention, highest level of importance

Health Advisory May not require immediate action; provides important information for a specific incident or situation

Health Update Unlikely to require immediate action; provides updated information regarding an incident or situation

HAN Info Service Does not require immediate action; provides general public health information

##This message was distributed to state and local health officers, state and local epidemiologists, state and local laboratory directors, public information officers, HAN coordinators, and clinician organizations##

5 Things to Know about Delta-8 Tetrahydrocannabinol – Delta-8 THC



[Español \(/consumers/articulos-para-el-consumidor-en-espanol/5-cosas-que-debe-saber-sobre-el-delta-8-tetrahidrocannabinol-delta-8-thc\)](#)

Delta-8 tetrahydrocannabinol, also known as delta-8 THC, is a psychoactive substance found in the *Cannabis sativa* plant, of which marijuana and hemp are two varieties. Delta-8 THC is one of over 100 cannabinoids produced naturally by the cannabis plant but is not found in significant amounts in the cannabis plant. As a result, concentrated amounts of delta-8 THC are typically manufactured from hemp-derived cannabidiol (CBD).

It is important for consumers to be aware that delta-8 THC products have not been evaluated or approved by the FDA for safe use in any context. They may be marketed in ways that put the public health at risk and should especially be kept out of reach of children and pets.

Here are 5 things you should know about delta-8 THC to keep you and those you care for safe from products that may pose serious health risks:

1. Delta-8 THC products have not been evaluated or approved by the FDA for safe use and may be marketed in ways that put the public health at risk.

The FDA is aware of the growing concerns surrounding delta-8 THC products currently being sold online and in stores. These products have not been evaluated or approved by the FDA for safe use in any context. Some concerns include variability in product formulations and product labeling, other cannabinoid and terpene content, and variable delta-8 THC concentrations. Additionally, some of these products may be labeled simply as “hemp products,” which may mislead consumers who associate “hemp” with “non-psychoactive.” Furthermore, the FDA is concerned by the proliferation of products that contain delta-8 THC and are marketed for therapeutic or medical uses, although they have not been approved by the FDA. Selling unapproved products with unsubstantiated therapeutic claims is not only a violation of federal law, but also can put consumers at risk, as these products have not been proven to be safe or effective. This deceptive marketing of unproven treatments raises significant public health concerns because patients and other consumers may use them instead of approved therapies to treat serious and even fatal diseases.

2. The FDA has received adverse event reports involving delta-8 THC-containing products.

The FDA received 104 reports of adverse events in patients who consumed delta-8 THC products between December 1, 2020, and February 28, 2022. Of these 104 adverse event reports:

- 77% involved adults, 8% involved pediatric patients less than 18 years of age, and 15% did not report age.
- 55% required intervention (e.g., evaluation by emergency medical services) or hospital admission.
- 66% described adverse events after ingestion of delta-8 THC-containing food products (e.g., brownies, gummies).
- Adverse events included, but were not limited to: hallucinations, vomiting, tremor, anxiety, dizziness, confusion, and loss of consciousness.

National poison control centers received 2,362 exposure cases of delta-8 THC products between January 1, 2021 (i.e., date that delta-8 THC product code was added to database), and February 28, 2022. Of the 2,362 exposure cases:

- 58% involved adults, 41% involved pediatric patients less than 18 years of age, and 1% did not report age.

- 40% involved unintentional exposure to delta-8 THC and 82% of these unintentional exposures affected pediatric patients.
- 70% required health care facility evaluation, of which 8% resulted in admission to a critical care unit; 45% of patients requiring health care facility evaluation were pediatric patients.
- One pediatric case was coded with a medical outcome of *death*.

3. Delta-8 THC has psychoactive and intoxicating effects.

Delta-8 THC has psychoactive and intoxicating effects, similar to delta-9 THC (i.e., the component responsible for the “high” people may experience from using cannabis). The FDA is aware of media reports of delta-8 THC products getting consumers “high.” The FDA is also concerned that delta-8 THC products likely expose consumers to much higher levels of the substance than are naturally occurring in hemp cannabis raw extracts. Thus, historical use of cannabis cannot be relied upon in establishing a level of safety for these products in humans.

4. Delta-8 THC products often involve use of potentially harmful chemicals to create the concentrations of delta-8 THC claimed in the marketplace.

The natural amount of delta-8 THC in hemp is very low, and additional chemicals are needed to convert other cannabinoids in hemp, like CBD, into delta-8 THC (i.e., synthetic conversion). Concerns with this process include:

- Some manufacturers may use potentially unsafe household chemicals to make delta-8 THC through this chemical synthesis process. Additional chemicals may be used to change the color of the final product. The final delta-8 THC product may have potentially harmful by-products (contaminants) due to the chemicals used in the process, and there is uncertainty with respect to other potential contaminants that may be present or produced depending on the composition of the starting raw material. If consumed or inhaled, these chemicals, including some used to make (synthesize) delta-8 THC and the by-products created during synthesis, can be harmful.
- Manufacturing of delta-8 THC products may occur in uncontrolled or unsanitary settings, which may lead to the presence of unsafe contaminants or other potentially harmful substances.

5. Delta-8 THC products should be kept out of the reach of children and pets.

Manufacturers are packaging and labeling these products in ways that may appeal to children (gummies, chocolates, cookies, candies, etc.). These products may be purchased online, as well as at a variety of retailers, including convenience stores and gas stations, where there may not be age limits on who can purchase these products. As discussed above, there have been numerous poison control center alerts involving pediatric patients who were exposed to delta-8 THC-containing products. Additionally, animal poison control centers have indicated a sharp overall increase in accidental exposure of pets to these products. Keep these products out of reach of children and pets.

Why is the FDA notifying the public about delta-8 THC?

A combination of factors has led the FDA to provide consumers with this information. These factors include:

- An uptick in adverse event reports to the FDA and the nation's poison control centers.
- Marketing, including online marketing of products, that is appealing to children.
- Concerns regarding contamination due to methods of manufacturing that may in some cases be used to produce marketed delta-8 THC products.

The FDA is actively working with federal and state partners to further address the concerns related to these products and monitoring the market for product complaints, adverse events, and other emerging cannabis-derived products of potential concern. The FDA will warn consumers about public health and safety issues and take action, when necessary, when FDA-regulated products violate the law.

How to report complaints and cases of accidental exposure or adverse events:

If you think you are having a serious side effect that is an immediate danger to your health, call 9-1-1 or go to your local emergency room. Health care professionals and patients are encouraged to report complaints and cases of accidental exposure and adverse events to the FDA's MedWatch Safety Information and Adverse Event Reporting Program:

- Call an FDA [Consumer Complaint Coordinator \(/safety/report-problem-fda/consumer-complaint-coordinators\)](/safety/report-problem-fda/consumer-complaint-coordinators) if you wish to speak directly to a person about your problem.
- Complete an [electronic Voluntary MedWatch form \(https://www.accessdata.fda.gov/scripts/medwatch/\)](https://www.accessdata.fda.gov/scripts/medwatch/) online or call 1-800-332-1088 to

request a reporting form, then complete and return to the address on the form, or submit by fax to 1-800-FDA-0178.

- Complete a paper Voluntary MedWatch form (<https://www.fda.gov/media/85598/download>) and mail it to the FDA.
- To report adverse events in animals to the FDA's Center for Veterinary Medicine, please download and submit Form FDA 1932a found at: www.fda.gov/ReportAnimalAE ([/animal-veterinary/report-problem/how-report-animal-drug-and-device-side-effects-and-product-problems](http://animal-veterinary/report-problem/how-report-animal-drug-and-device-side-effects-and-product-problems)).

FDA Issues Warning Letters: [FDA Issues Warning Letters to Companies Illegally Selling CBD and Delta-8 THC Products](http://www.fda.gov/news-events/press-announcements/fda-issues-warning-letters-companies-illegally-selling-cbd-and-delta-8-thc-products) ([/news-events/press-announcements/fda-issues-warning-letters-companies-illegally-selling-cbd-and-delta-8-thc-products](http://www.fda.gov/news-events/press-announcements/fda-issues-warning-letters-companies-illegally-selling-cbd-and-delta-8-thc-products)).

Warning Letters: [Warning Letters and Test Results for Cannabidiol-Related Products](http://www.fda.gov/news-events/public-health-focus/warning-letters-and-test-results-cannabidiol-related-products) ([/news-events/public-health-focus/warning-letters-and-test-results-cannabidiol-related-products](http://www.fda.gov/news-events/public-health-focus/warning-letters-and-test-results-cannabidiol-related-products)).

For more information about Delta-8 THC: [CDC HEALTH ALERT NETWORK \(HAN\)](https://emergency.cdc.gov/han/2021/han00451.asp) (<https://emergency.cdc.gov/han/2021/han00451.asp>).

The American Association of Poison Control Centers (AAPCC) maintains the National Poison Data System (NPDS), which houses de-identified case records of self-reported information collected from callers during exposure management and poison information calls managed by the country's poison control centers (PCCs). NPDS data do not reflect the entire universe of exposures to a particular substance as additional exposures may go unreported to PCCs; accordingly, NPDS data should not be construed to represent the complete incidence of U.S. exposures to any substance(s). Exposures do not necessarily represent a poisoning or overdose and AAPCC is not able to completely verify the accuracy of every report. Findings based on NPDS data do not necessarily reflect the opinions of AAPCC.

Was this helpful?

Yes

No

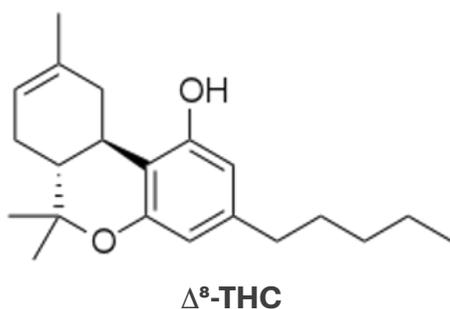
It's time to hold cannabinoid products to the highest standard: USP Cannabis Panel statement on delta8-THC



The recent reports of products marketed as cannabis / hemp plant material being adulterated with synthetic delta-8-tetrahydrocannabinol (Δ^8 -THC), an intoxicating cannabinoid, raise significant public health concerns.¹ The serious risk to public health from these products prompted the Food and Drug Administration (FDA) and the Centers for Disease Control and Prevention (CDC) to release advisories to inform consumers about the these risks and adverse event reports and concerns regarding products containing Δ^8 -THC.^{2,3} Depending on the method of extraction and isolation, or depending on the method of synthesis, Δ^8 -THC products may contain cannabinoid contaminants or unknown impurities and synthetic cannabinoid analogs that are not naturally occurring in cannabis/hemp plants. Information on the quality attributes of cannabis/hemp materials in terms of identity, composition, and purity, and the scientific information to test for these, can help prevent patient and consumer harm resulting from exposure to substandard, contaminated, or adulterated cannabis products. In addition, systematic and properly controlled clinical investigations on Δ^8 -THC, and other THC isomers, are needed to mitigate risks to public health prior to their release to the market. Availability of suitable analytical methods will help ensure high quality materials are used in such studies, resulting in the increased reproducibility and applicability of preclinical and clinical data⁴.

Background:

The Agriculture Improvement Act (AIA) of 2018 (commonly known as the 2018 Farm Bill) defined the term “hemp” to mean “the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, **cannabinoids, isomers**, acids, salts, and salts of isomers, whether growing or not, with a delta-9- tetrahydrocannabinol concentration of not more than 0.3% on a dry weight basis” (emphasis added). The AIA also amended the Controlled Substances Act to exclude hemp from the definition of marijuana and to remove it from Schedule I status, thereby providing for regulated cultivation of hemp as an agricultural commodity. Following the descheduling of hemp, several U.S. States provided legal pathways for hemp-derived products to enter the market in their jurisdictions, and several hemp-based products are now being marketed as dietary or food ingredients. While the AIA limits the Δ^9 -THC content of hemp to be not more than (NMT) 0.3% on dry weight basis, the content of other cannabinoids or their isomers, such as Δ^8 -THC, are not restricted. The limit on Δ^9 -THC included in the AIA definition was established to ensure that risks to public health and public safety from this intoxicating cannabinoid were controlled. However, since Δ^8 -THC is also an intoxicating substance, some members of industry are attempting to utilize a potential loophole to bring intoxicating products to the market. In order to address this perceived gap, some U.S. state regulatory bodies have created limits and/or definitions for THC that include the delta-8 isomer or otherwise have found means to limit the amount of Δ^8 -THC in cannabis or hemp products.





It's time to hold cannabinoid products to the highest standard:

USP Cannabis Panel statement on delta8-THC

The Issues:

Some products containing amounts of Δ^8 -THC at levels that are unlikely to be naturally-occurring are marketed as hemp products. These products may be within the limit for the maximum amount of Δ^9 -THC allowed in hemp, but they could present risks to public health due to the intoxicating effects of Δ^8 -THC at high levels of exposure and potential product quality issues. Based on extensive data analysis, USP noted in a recent paper that Δ^8 -THC typically occurs at very low to insignificant natural levels in the cannabis flower as a degradation by-product of Δ^9 -THC Acid.⁵ Products labeled as containing Δ^8 -THC have a high probability of being synthetically derived, because it is not generally thought to be economically feasible to extract naturally occurring Δ^8 -THC, given the low concentrations present in cannabis and hemp. A common way that Δ^8 -THC is being obtained is through synthetic or semi-synthetic conversion from hemp-derived cannabidiol (CBD). This process normally involves use of strong acids and catalysts, which tend to be harsh reaction conditions conducive to the formation of other reaction by-products and impurities⁶. Depending on the reaction conditions and purification processes, synthetic Δ^8 -THC may be associated with unknown impurities, different degradants, and synthetic cannabinoid analogs that are not naturally produced in cannabis/hemp plant material, and for which there may be little or no safety or toxicity data. This raises safety and product quality concerns for consumers – given the unknown and untested nature of Δ^8 -THC, other synthetic analogs, and any other impurities present.

The Recommendations:

The public health issues associated with synthesized Δ^8 -THC and its different isomers demand appropriate mitigation strategies, which could include the following:

1 Scientifically-valid analytical methods: Besides CBD and Δ^9 -THC, the cannabis plant contains several other phytochemicals that may contribute to the bioactivity of cannabis.^{7,8} Analytical methods should be able to characterize the content of minor cannabinoids such as Δ^8 -THC, among others, in any cannabis that is being used to study the various biological activities of cannabis. This is particularly important, as new varieties of cannabis may contain elevated levels of these other cannabinoids or their degradation products, such as Δ^8 -THC. Further, the products labeled as " Δ^8 -THC" should be tested for synthetic impurities, and novel cannabinoid analogs and isomers, and the levels of these impurities should be controlled unless they have been demonstrated as safe for the conditions of use.

- The recent USP publication and the supplementary information⁹ illustrates approaches to connect the name of a substance with its quality specifications for identity, purity or composition, and limits on contaminants. The publication provides liquid chromatography (LC)- and gas chromatography (GC)-based analytical methods and relevant USP Reference Standards for determination of Δ^8 -THC and its resolution from other cannabinoids, including Δ^9 -THC. The publication also provides data-based acceptance criteria, and labeling recommendations to indicate the content of any cannabinoid above 1% w/w.

2 Need for systematic clinical investigations supported by quality research materials and methods: The USP publication identified the lack of systematic clinical investigation of minor cannabinoids, such as Δ^8 -THC, as a research gap. The understanding of how additional cannabis constituents modulate the activity of major cannabinoids on endogenous receptors continues to be a developing area of science.^{10,11} FDA's draft guidance¹² and other resources, such as USP general chapters, could be used to help ensure the quality of research materials in order to facilitate addressing the critical need for systematic clinical research on cannabis-derived compounds, including minor cannabinoids, such as Δ^8 -THC. USP also provided public comments in response to the FDA draft guidance on the importance of quality in conducting clinical research related to the development of drugs containing cannabis-derived compounds.¹³



It's time to hold cannabinoid products to the highest standard:

USP Cannabis Panel statement on delta8-THC

- 3 Recognize emerging concerns from novel substances: The concerns related to synthetic cannabinoids are not limited to Δ^8 -THC. Several synthetic modifications of cannabinoids such as Δ^{10} -THC and Δ^8 -THC-O-acetate, hexahydrocannabinol (HHC), and tetrahydrocannabiphorol (Δ^9 -THCP) are being introduced into the market with no safety or toxicity data, or data on metabolic fate to support their use, in both ingestible and inhalable forms, and marketed as hemp derivatives. The emerging use of minor cannabinoids and the cannabinoid analogs should be subjected to systematic preclinical and clinical investigations before they are released to the market to help ensure their safety and to characterize and identify any potential toxicities.
- 4 Scientifically valid analytical methods can separate Δ^8 -THC from other cannabinoids and synthetic impurities, and can serve as analytical tools to regulators and industry to address growing concern regarding Δ^8 -THC.^{14,15} The approaches to address public health concerns from the use of minor cannabinoids and synthetically produced cannabinoids, including Δ^8 -THC, should recognize that:

- Natural origin does not necessarily mean that these cannabinoids are safe at any level. While USP is not aware of safety concerns that have been reported from the use of hemp containing naturally occurring levels of Δ^8 -THC, the same substance could present safety concerns at a high amount of exposure, or from prolonged periods of exposure, especially if it contains impurities from the synthesis, extraction, and/or purification process.
- Synthetically-derived cannabinoids are not inherently unsafe if they are quality-controlled and shown through systematic studies to be safe. Substances that are chemically identical will exhibit the same biological properties, irrespective of whether the source is natural or synthetic. Use of public quality standards can help in controlling the quality of synthetically derived or cannabis-derived constituents, including setting appropriate limits for impurities. USP standards could help demonstrate that the quality of two ingredients that are obtained using different processes are indeed similar in terms of their identity, strength, and limits on contaminants.

The USP publication on cannabis highlights the lack of systematic clinical investigation of minor cannabinoids, such as Δ^8 -THC, as a research gap.¹⁶ The firms that conduct clinical research should consider the FDA's draft guidance which focuses on quality considerations for clinical research using cannabis-derived compounds.^{17,18} Furthermore, the USP Cannabis Expert Panel recommends additional considerations to mitigate risks to public health through suitable analytical methods to help ensure that high quality materials are used in such studies, resulting in the increased reproducibility and applicability of preclinical and clinical data.





AN EFFICIENT NEW CANNABINOID ANTIEMETIC IN PEDIATRIC ONCOLOGY

Aya Abrahamov¹, Avraham Abrahamov² and R. Mechoulam³

¹Department of Pediatrics, Shaare Zedek Hospital, Jerusalem, Israel; ²Department of Pediatrics, Bikur Holim Hospital, Jerusalem; ³The Brettler Center for Medical Research, Medical Faculty, Hebrew University, Jerusalem 91120.

Summary

Delta-8-tetrahydrocannabinol (delta-8-THC), a cannabinoid with lower psychotropic potency than the main Cannabis constituent, delta-9-tetrahydrocannabinol (delta-9-THC), was administered (18 mg/m² in edible oil, p.o.) to eight children, aged 3-13 years with various hematologic cancers, treated with different antineoplastic drugs for up to 8 months. The total number of treatments with delta-8-THC so far is 480. The THC treatment started two hours before each antineoplastic treatment and was continued every 6 hrs for 24 hours. Vomiting was completely prevented. The side effects observed were negligible.

Key Words: tetrahydrocannabinol, vomiting, Dronabinol

Cannabis preparations have been used for millenia as antiemetic drugs [1]. With the identification of delta-9-tetrahydrocannabinol (delta-9-THC) (Fig 1) as the psychoactive Cannabis constituent [2] its evaluation as an antiemetic agent was also made possible. It was indeed found that delta-9-THC prevents or reduces vomiting induced by anticancer chemotherapy [3-5]. Delta-9-THC is marketed under the generic name Dronabinol [5]. Depending on the clinical protocol used, delta-9-THC (5-10 mg/m² p.o.) prevents vomiting and nausea in some patients and reduces these symptoms in others. The side effects are those noted in marijuana users, in particular elderly ones: drowsiness, dizziness and in rare cases anxiety. Mood changes usually predominate in younger patients.

Delta-8-THC (Fig 1) is a double bond isomer of delta-9-THC. It is less psychotropic than delta-9-THC [6], but its antiemetic potential has not been investigated so far. In preclinical antiemetic studies in pigeons (to be reported separately), using the methodology previously described by us for delta-9-THC [7], we found that delta-8-THC is at least as potent as delta-9-THC. It is much more stable than delta-9-THC to various chemical treatments, including oxidation, and is considerably less expensive to produce than delta-9-THC. Hence, it seemed of potential therapeutic interest to investigate the antiemetic effect of delta-8-THC in patients. We chose to administer delta-8-THC to children, who were expected to vomit on anticancer chemotherapy. The reason for the age limitation was the general (but not documented) belief that most side effects of delta-9-THC, in particular anxiety, are more prevalent in an adult population than in a younger one. Hence delta-8-THC could possibly be administered to children in higher doses than those given to adult patients.

We report now that delta-8-THC in an open label evaluation was found to be an excellent pediatric antiemetic with nonsignificant side effects. We chose an open label trial for ethical reasons. A clinical trial based on placebo versus delta-8-THC as an antiemetic agent during anticancer treatment is unacceptable. Our original protocol envisaged a comparison between metoclopramide (0.3 mg/kg) and delta-8-THC (18 mg/m²). However preliminary results indicated complete block of emesis with delta-8-THC, while metoclopramide showed variable results. Most of the children (5 out of 8) vomited with this dose of metoclopramide. In higher doses (0.5 mg/kg dose or above) metoclopramide caused extrapyramidal effects. Hence for ethical reasons the protocol was modified to an open trial design. However, we would like to point out that over a period of about 10 years, when most of the antineoplastic protocols followed in the present study were used in our clinic, emesis was observed in about 60% of all pediatric cases even though metoclopramide (0.3 mg/kg) was used as antiemetic agent.

Ondansetron and other HT₃-receptor blockers are today the drugs of choice for chemotherapy-induced vomiting and nausea [8]. While such therapy is superior to previously used treatments (dopamine antagonists, corticosteroids) adverse effects such as headache are troublesome [8] and its efficiency in delayed vomiting is questionable. Ondansetron is also a very expensive drug and less expensive alternatives should be made available. Hence additional therapeutic protocols are required.

Materials, patients and clinical protocol

Delta-8-THC was prepared from natural cannabidiol by cyclization (Fig 1) and purified by chromatography as previously described [9]. It was analyzed by gas chromatography and was found to be at least 98% pure.

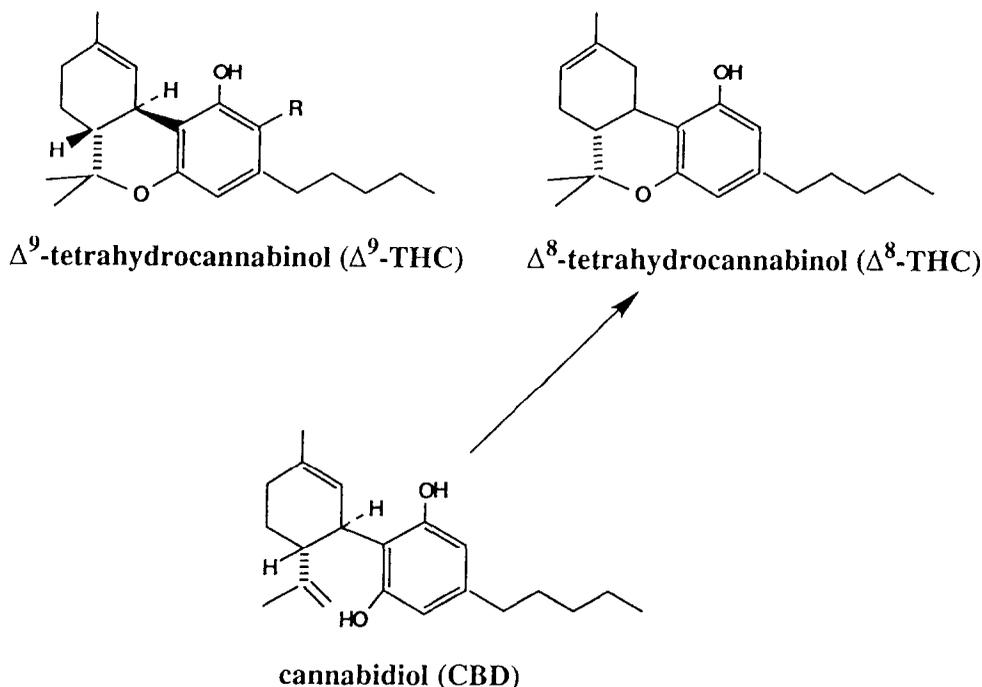


Fig. 1

Eight children with various blood cancers (see Table) were administered delta-8-THC (18 mg/m² p.o.) two hours before the start of the anticancer treatment. The drug was dissolved in corn or olive oil (6 mg/ml), and was administered directly as oil drops on the tongue, or on a bite of bread. The same dose was repeated every 6 hrs for 24 hrs. The treatment for each child is presented in the Table. Whenever additional cycles of antineoplastic therapy were required, delta-8-THC was administered following the same time procedure described above. Children received delta-8-THC only during days when emetogenic drugs were administered. Established anticancer drug protocols were followed with all patients. These are indicated below and in Table 1:

High-dose Cytarabine and Asparaginase. [10] (Patient 1). MOPP - ABV protocol. [11] (Patient 2); This protocol is a standard combination of Mechlorethamine hydrochloride, Vincristine, Procarbazine, Prednisone, Doxorubicin, Bleomycin and Vinblastine. BFM protocol. [12] (patients 3 and 8). This protocol is a complicated standard protocol consisting of numerous antineoplastic drugs (Vincristine, Daunorubicin, L-Asparaginase, Cyclophosphamide, Cytarabine, Mercaptopurine, Etoposide, Methotrexate, Thioguanine) and 3 types of corticosteroids (Prednisone, Hydrocortisone, Dexamethasone) in p.o., i.v. and intratecal administrations. National Wilms tumor study protocol (NWTS-4). [13] (Patient 4). This protocol is a standard combination of Vincristine, Doxorubicin, Dactinomycin. Amsacrine-high dose Cytarabine protocol. [14] (Patient 5). This is a standard protocol consisting of Cytarabine and Amsacrine. Burkitt's lymphoma protocol. [15] (Patient 6). This is a standard protocol consisting of Vincristine, Doxorubicin Cyclophosphamide, Methotrexate, and Prednisone. Rezidive study. A.L.L. - Rez BFM 87 protocol. [16] (Patient 7). This is a standard complicated protocol consisting of numerous antineoplastic drugs. In addition to drugs mentioned above it includes Ifosfamide and Vindesine.

Results

The present study on prevention of vomiting due to antineoplastic therapy took place over a 2 year period with 8 patients. Details of their antineoplastic treatment and side effects of the antiemetic therapy are presented in Table 1. The mild side effects observed were reported by the physician and nurse in charge. Chemotherapy protocols of the types indicated almost invariably cause intense vomiting, which starts about 2 hrs after the initiation of chemotherapy and gradually ends over a 24 hr period. In preliminary trials we tried to end the antiemetic therapy after the first or second dose of the cannabinoid, i.e. after 6 or 12 hrs. Vomiting started in most cases. Hence, in the recorded trial, all children were given 4 doses (every 6 hours) for 24 hrs. When the antiemetic protocol described in the "Methods, patients and clinical protocol" section was strictly followed, no emesis was noted during the 24 hrs of treatment or over the next two days. In one case (patient D.E.), delta-8-THC therapy initially was refused. The patient experienced debilitating vomiting for 24 hrs after the antineoplastic treatment. During the second treatment cycle (which took place after 8 days), at the patient's family request, delta-8-THC treatment was initiated. No vomiting occurred. In a second case (A.M.), the patient refused antiemetic treatment during a relapse of his disease as it was based on an "illicit drug" (Cannabis). Repeated vomiting took place. Renewal of the THC treatment, before the next administration of antineoplastic drugs, prevented additional vomiting. As indicated in Table 1 the side effects were observed in only 2 of the the 8 patients: some irritability and slight euphoria which in children is difficult to quantify. No anxiety or hallucinogenic effects were noted in spite of the high doses administered.

Table 1.
Delta-8-THC Administered to Children Treated for Various Hematologic Cancers.^a

No.	Name sex	Age (years)	Diagnosis treatment ^c	Antineoplastic	Number and effect of antiemetic treatments
1.	A.M.	10 m	A.L.L. ^b pre B, in relapse	Cytarabine- L-Asparaginase	(32), no side effects
2.	C.O.	3.5 m	Hodgkin's disease	MOPP-ABV protocol	(64), slight irritability during first 2 cycles
3.	L.H.	4 f	A.L.L., T type	BFM protocol	(76), slight irritability and euphoria ¹
4.	M.H.	3 f	Wilm's tumor, stage III	NWTS-4 protocol	(30), no side effects
5.	R.M.	13 f	A.L.L. T type in second relapse	Cytarabine, Amsacrine protocol	(24), no side effects
6.	D.E.	7 m	Burkitt's lymphoma	Burkitt's lymphoma protocol	(114), no side effects ²
7.	K.K.	6 f	A.L.L.	Rez BFM 87 protocol	(64), no side effects ³
8.	A.A.	5 m	A.L.L.	BFM protocol	(76), no side effects

^a Delta-8-THC, 18 mg/m². For details see text. In all cases complete prevention of vomiting was noted. ^b Acute Lymphoblastic Leukemia (A.L.L.). ^c see Methods, patients and clinical protocol.

¹ Metoclopramide (0.3 mg/kg) p.o. or i.v. in previous treatment failed to prevent vomiting.

² During first cycle, refusal to take THC caused profuse vomiting.

³ Treatment during remission after 2nd relapse and during 3rd relapse.

Discussion

Delta-8-THC is an isomer of delta-9-THC, the major natural constituent of Cannabis from which it differs only in the position of the double bond. The stereochemistry of the two isomers is identical; their chemical behavior is in most cases very similar [17]; their metabolism *in vivo* and *in vitro* follow the same pathways [18]. The major chemical difference between them is that delta-9-

THC is easily oxidized to the biologically inactive cannabinol; delta-8-THC is stable, does not oxidize to cannabinol and has a very long shelf life. Due to their close structural similarity, delta-9-THC and delta-8-THC present essentially identical pharmacological profiles [19-21]. Quantitatively, however, delta-8-THC differs from delta-9-THC in being about twice less potent in most, but not all pharmacological tests.

In monkeys delta-8-THC causes a general behavior depression in doses reported to be higher than the doses of delta-9-THC required to produce similar effects [22, 23].

A direct comparison of the effects of delta-8-THC (20 and 40 mg total dose) and of delta-9-THC (20 mg total dose) orally administered to human volunteers has been published [24]. The spectrum of clinical effects was similar with both isomers, but delta-8-THC was considered to be only 3/4 as psychotropically potent as delta-9-THC. The same ratio of activity was observed on i.v. administration.

Delta-9-THC (4 mg/kg i.m.) blocked the emetic response in cats caused by cisplatin (7.5 mg/kg i.v.) [25]. The metabolite 11-hydroxy-delta-9-THC, which is considerably more psychotropic than delta-9-THC, was less antiemetic than delta-9-THC showing that, in cats at least, there is no parallelism between the psychotropic effects and the antiemetic ones. Indeed, we have recently shown that a non-psychotropic cannabinoid (HU-211) is more potent than delta-9-THC as an antiemetic [7].

The LD50 values for Fischer rats treated orally with single doses of delta-9-THC and delta-8-THC, and observed for 7 days, are 1910 mg/kg and 1980 mg/kg (for males) respectively and 860 mg/kg (for females) [26]. The histopathological changes caused by these extremely high doses were essentially the same for both delta-8- and delta-9-THC. LD50 could not be determined in either rhesus monkeys or dogs as single oral doses of up to 9000 mg/kg of either delta-8- or delta-9-THC in dogs or monkeys were non-lethal. Histopathological alterations did not occur in either dogs or monkeys. A chronic oral toxicity study in rats with both isomers has been reported. Delta-8-THC was found to be slightly less toxic than the delta-9 isomer [27]. With delta-8-THC, after 119 days of consecutive administration, no deaths were observed in males with daily doses of up to 400 mg/kg; 1/10 deaths occurred at 500 mg/kg. With females, no deaths were caused by doses of up to 250 mg/kg; 5/13 deaths were recorded at 400 mg/kg and 12/67 were recorded at 500 mg/kg. The above described animal and human data indicated that delta-8-THC can be safely administered to human patients.

We found, as expected, that young children with different hematologic cancers, who were treated with a variety of anticancer drug protocols, could be administered doses of delta-8-THC considerably higher than the doses of delta-9-THC generally administered to adult cancer patients without the occurrence of major side effects, (5-10 mg/m² of delta-9-THC generally recommended for adult patients [28] versus 18 mg/m² of delta-8-THC used by us in children). As mentioned above, the prevention of vomiting was complete, regardless of the antineoplastic protocol followed. We observed no delayed nausea or vomiting. Although the number of pediatric cancer patients treated so far is small, the total number of treatments is considerable (480 times) as most patients underwent several treatment cycles. Without the cannabinoid therapy we would have expected the patients to vomit in most treatments.

In summary, the complete success in preventing vomiting due to antineoplastic treatment in children, and the essential lack of side effects, leads us to believe that delta-8-THC at a dose

considerably higher than the doses of delta-9-THC usually administered to adults, can serve as a new, inexpensive antiemetic agent in pediatric cancer chemotherapy.

References

1. R. MECHOULAM, In R. Mechoulam (ed.) *Cannabinoids as Therapeutic Agents*, CRC Press, Boca Raton, FL 1-20 (1986).
2. Y. GAONI and R. MECHOULAM, *J Am Chem Soc.* **86** 1646 (1964).
3. S.E. SALLAN, N.E. ZINBERG and E. FREI III. *N Engl J Med.* **293** 795-7 (1975).
4. M. LEVITT, In Mechoulam R, ed. *Cannabinoids as Therapeutic Agents*, CRC Press, Boca Raton, FL 71-84 (1986).
5. T.F. PLASSE, R.W. GORTER, S.H. KRASNOW, M. LANE, K.V.SHEPARD and R.G. WADLEIGH, *Pharmacol Biochem Behav.* **40** 695-700 (1991).
6. R.K. RAZDAN, *Pharmacol Revs.* **38** 75-149 (1986).
7. J.J. FEIGENBAUM, S.A. RICHMOND, Y. WEISSMAN and R. MECHOULAM, *Eur J Pharmacol.* **169** 159-165 (1989).
8. A. MARKHAM and E.M. SORKIN, *Drugs* **45** 931-952 (1993).
9. Y. GAONI and R. MECHOULAM, *Tetrahedron* **22** 1481-1488 (1966).
10. R.L. CAPIZZI, B.L. POWELL, M.R. COOPER, J.J. STUART, H.B. MUSS, F. RICHARDS II, D.V. JACKSON, D.R. WHITE, C.L. SPURR, P.J. ZEKAN, J.M. CRUZ and J.B. CRAIG, *Semin. Oncol.* **12** (Suppl 3) 105-113 (1985).
11. J.M. CONNORS and P.KLIMO, *Semin. Hematol.* **24** (Suppl. 1) 35-40 (1987).
12. Standard Israeli National Protocol based on BFM protocols, see for example G. Henze, H.J. Langermann, R. Fengler *Klin.Pediatr.* **194** 195-203 (1982).
13. National Wilms Tumor Study-4. Stage III and IV/Favorable histology; Stage I-IV Ocular cell sarcoma. Provided by Dr. Daniel Green and the Roswell Park Memorial Institute.
14. S.A. ARLIN, T. AHMED, A. MITTELMAN, E. FELDMAN, R. MEHTA, P. WEINSTEIN, E. REIBER, P. SULLIVAN and P. BASKIND, *J.Clin. Oncol.* **5** 371-375 (1987).
15. I.T. MAGRATH, C. JANUS, B.K. EDWARDS, R. SPIEGEL, E.S. JAFFE, C.W. BERARD, J. MILIAUSKAS, K. MORRIS and R. BARNWELL, *Blood* **63** 1102-1111 (1984).
16. C.M. NIMEYER, S. HITCHCOCK-BRYAN and S.E. SALLAN. *Semin. Oncol.* **12** 122-130 (1985).
17. R.MECHOULAM, In Mechoulam R, ed. *Marihuana.Chemistry, Pharmacology, Metabolism and Clinical Effects*, Academic Press, New York 1-99 (1973).
18. D.J. HARVEY and W.D.M. PATON, *Revs. Bioch. Toxic.* **6** 221-264 (1984).
19. B.R. MARTIN, *Pharmacol. Revs.* **38** 45-74 (1986).
20. W.L. DEWEY, *Pharmacol. Revs.* **38** 151-178 (1986).
21. R.G. PERTWEE, *Pharmac. Ther.* **36** 189-261 (1988).
22. C.L. SCHEKEL, E. BOFF, P. DAHLEN and T. SMART, *Science* **160** 1467-1469 (1968).
23. Y. GRUNFELD and H. EDERY, *Psychopharmacologia* **24** 200-210 (1969).
24. L.E. HOLLISTER and H.K. GILLESPIE, *Clin. Pharmacol. Ther.*, **14** 353-357 (1973).
25. L.E. MCCARTHY, K.P. FLORA and B. VISHNUVAJJALA, In Agurell S, Dewey DL, Willette RE, (eds) *The Cannabinoids Chemical, Pharmacologic and Therapeutic Aspects*, Acad. Press, Orlando, FL 859-870 (1984).
26. G.R. THOMPSON, H. ROSENKRANTZ, U.H. SCHAEPPPI and M.C. BRAUDE, *Toxicol. Appl. Pharmacol.* **25** 363-372 (1973).
27. G.R. THOMPSON, M.M. MASON, H. ROSENKRANTZ and M.C. BRAUDE, *Toxicol. Appl. Pharmacol.* **25** 373-390 (1973).
28. Anonymous, Synthetic marijuana for nausea and vomiting due to cancer chemotherapy. *Medical Lett.* **27** 97-98 (1985).

Review

Cannabinol: History, Syntheses, and Biological Profile of the Greatest “Minor” Cannabinoid

Chiara Maioli ^{1,†}, Daiana Mattoteia ^{1,2,†}, Hawraz Ibrahim M. Amin ¹ , Alberto Minassi ^{1,3} 
and Diego Caprioglio ^{1,*} 

¹ Department of Pharmaceutical Sciences, University of Piemonte Orientale, Largo Guido Donegani 2/3, 28100 Novara, Italy

² The Armenise-Harvard Laboratory of Structural Biology, Department of Biology and Biotechnology, University of Pavia, 27100 Pavia, Italy

³ PlantaChem SRLS, Via Canobio 4/6, 28100 Novara, Italy

* Correspondence: diego.caprioglio@uniupo.it; Tel.: +39-0321-375843

† These authors contributed equally to this work.

Abstract: Cannabis (*Cannabis sativa* L.) is an outstanding source of bioactive natural products, with more than 150 different phytocannabinoids isolated throughout the decades; however, studies of their bioactivity have historically concentrated on the so-called “big four” [Δ^9 -THC (**1a**), CBD (**2a**), CBG (**3a**) and CBC (**4a**)]. Among the remaining products, which have traditionally been referred to as “minor cannabinoids”, cannabinol (CBN, **5a**) stands out for its important repercussions and implications on the global scientific landscape. Throughout this review, we will describe why CBN (**5a**) deserves a prominent place within the so-called “cannabinome”, providing an overview on its history, the syntheses developed, and its bioactivity, highlighting its promising pharmacological potential and the significant impact that the study of its chemistry had on the development of new synthetic methodologies.

Keywords: cannabinol; cannabinoids; phytocannabinoids; cannabinome



Citation: Maioli, C.; Mattoteia, D.; Amin, H.I.M.; Minassi, A.; Caprioglio, D. Cannabinol: History, Syntheses, and Biological Profile of the Greatest “Minor” Cannabinoid. *Plants* **2022**, *11*, 2896. <https://doi.org/10.3390/plants11212896>

Academic Editor: Sebastian Granica

Received: 26 September 2022

Accepted: 26 October 2022

Published: 28 October 2022

Publisher’s Note: MDPI stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.



Copyright: © 2022 by the authors. Licensee MDPI, Basel, Switzerland. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

1. Introduction

There is extensive historical evidence that cannabis (*Cannabis sativa* L.) has been used for different purposes, among them industrial [1], ornamental [2], and pharmaceutical (e.g., treating rheumatic pain, constipation, gout, and gynecological disorders) [3] applications. Nowadays, the intake of marijuana is permitted in many countries of the world for the treatment of different pathologies [4], including nausea caused by chemotherapy, anorexia in patients suffering from AIDS, and pain management [5,6].

The biological activity of cannabis is strictly related to phytocannabinoids, the hallmark secondary metabolites of this remarkable plant [7]. This class of meroterpenoids is characterized by great chemical diversity among its constituents; however, a general phytocannabinoid structure is easily identifiable due to its characteristic hybrid nature; since this class derives from the merging of polyketides and mevalonate biosynthetic pathway, a resorcinylic core decorated with *p*-oriented isoprenyl residues and an alkyl side chain is easily identifiable [8].

Despite this impressive variety, early studies in this field focused almost exclusively on the narcotic principle of marijuana, Δ^9 -tetrahydrocannabinol (Δ^9 -THC, **1a**, Figure 1), eventually expanding to the other related compounds, which are cannabidiol (CBD, **2a**, Figure 1), cannabigerol (CBG, **3a**, Figure 1), and cannabichromene (CBC, **4a**, Figure 1), that together form a group of compounds often referred to as “the major cannabinoids” or “big four” [9]. As our understanding of the biological mechanisms underlying Δ^9 -THC narcotic properties developed, the endocannabinoid system (ECS) was discovered [10], and its complexity, homeostatic role, and potential for drug discovery prompted a reconsideration

of the other three major cannabinoids derived from cannabis. In addition to these studies, CBD (**2a**) was developed into a standardized extract (Sativex) and as an active pharmaceutical ingredient (API) (Epidiolex). The latter is the drug of choice for the treatment of certain rare genetic forms of epilepsy, while Sativex (a combination of Δ^9 -THC and CBD) is used to treat spasticity associated with multiple sclerosis [5]. Likewise, CBG (**3a**) and CBC (**4a**) found their way into the literature as well [11,12].

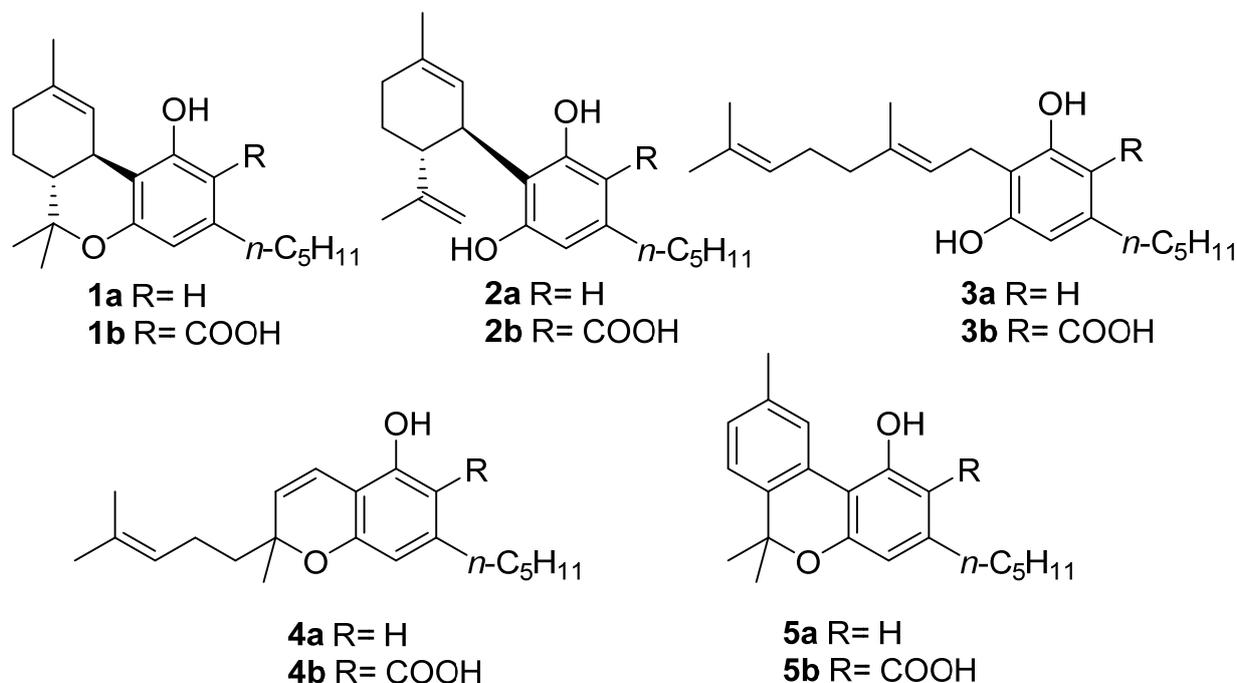


Figure 1. The structures of the “big four” phytocannabinoids [Δ^9 -THC (**1a**), CBD (**2a**), CBG (**3a**) and CBC (**4a**)] and their acidic precursors (**1b–4b**), CBN (**5a**) and its acidic form CBNA (**5b**).

Most of the studies on phytocannabinoids, both chemical and biological, have focused on the “big four” due to their high extraction yield from vegetable sources or easy accessibility through total synthesis [11–17]. However, cannabis plants are also capable of producing more than 150 other compounds referred to as “minor cannabinoids” [18], which have significant structural differences and specific biological properties [19,20]; among these compounds, one stands out in particular, namely cannabinol (CBN, **5a**, Figure 1).

CBN (**5a**) is one of the most famous phytocannabinoids in *C. sativa*, and although several phytocannabinoids have been identified in different plants and fungi, CBN (**5a**) has only been identified in cannabis. In the cannabinoid family, CBN (**5a**) is unique in several ways, the main one being its origin: whereas the acidic precursors of major cannabinoids (**1b**, **2b**, **4b**, Figure 1) are generated by the result of different cyclizations of the terpenyl moiety of cannabigerolic acid (CBGA, **3b**, in turn obtained from the condensation of olivetolic acid with geranylpyrophosphate) mediated by particular cyclases [21], a biosynthetic pathway for cannabinolic acid (CBNA, **5b**, Figure 1), and so of CBN (**5a**) itself, has not been identified; the latter is a degradation artifact of Δ^9 -THC (**1a**) which, as result of air oxidation, undergoes aromatization at the level of the menthyl moiety [22]. However, small amounts of CBNA (**5b**) have been found in some hemp samples [23], suggesting that, in particular conditions, oxidative degradation may also occur to tetrahydrocannabinolic acid (THCA, **1b**, Figure 1), the acidic precursor of Δ^9 -THC (**1a**), as well as before decarboxylation.

CBN (**5a**) was probably considered a “minor” phytocannabinoid owing to its unfortunate and confusing discovery: it was the first phytocannabinoid to be isolated from hashish in the late 19th century, but its structure was not fully solved until 1940 due to some issues related to both nomenclature misunderstandings and the nature of the plant material used

for the extraction (see Section 2). This confusing situation—associated with its limited availability and the discovery of more interesting bioactive phytocannabinoids—severely hindered its characterization from a biological and pharmacological standpoint.

Therefore, our purpose is to give this forgotten and mistreated phytocannabinoid due prominence and attention, focusing on its well-known synthetic pathways and highlighting the urgent need to fill the gaps in its biological field.

2. History

Marijuana is perhaps one of the oldest plants grown by mankind, so much that we can say that *Cannabis sativa* L. and humanity share a close and intertwined history [24]. From the perspective of time, CBN (5a) probably plays the most important role of all the cannabinoids: due to its exceptional stability and direct chemical relationship with the psychoactive constituent Δ^9 -THC (1a), the natural product has been assumed to be the most relevant marker [25] for the identification of narcotic cannabis in archaeological plant samples.

CBN's (5a) extraordinary stability has been demonstrated by the discovery of plant material (seeds) dating back to 750 BC, found in a tomb in the Xinjiang-Uighur autonomous region (China), still containing high levels of the molecule [26].

Also attributed to CBN (5a) are the great uncertainty and ambiguity that plagued the first studies on the psychotropic properties of *C. sativa*: a significant limitation of the initial researches was related to the poor quality of the plant material investigated, which was mostly imported, directly or through Egypt, from India [27]. As a result of the long journey between the collection site and the European laboratories, usually lasting months, combined with uncontrolled and careless storage conditions, a sharp reduction in Δ^9 -THC (1a) levels in favor of CBN (5a) was achieved, leading to a relative falsification of the biological observations [28].

Wood coined the term “cannabinol” at the end of the 19th century in order to describe the “red oil”, a dense resin containing both CBN (5a) and other major phytocannabinoids as well [29]; these compounds are brownish and colorless oils or white solids, whereas the ruby red color likely resulted from quinoid structures [30] forming during the oil purification. Obtaining this resin required a difficult and complex preparation optimized by Wood himself, Spivey, and Easterfield at Cambridge University, and entailed the distillation of ethanolic or ethereal Cannabis extract at reduced pressure (2 mm) and collecting the vapors at a temperature of between 100 and 220 °C (corresponding to a bath temperature of 170–300 °C) [29]. Initially considered to be a pure compound, “red oil” was acetylated by Easterfield resulting in a crystalline compound with an optically inactive nature (6a, Figure 2). Its natural phenol (5a) was then referred to as “cannabinol”, taking the name used previously for the narcotic red oil and making CBN (5a) the first phytocannabinoid isolated [31].

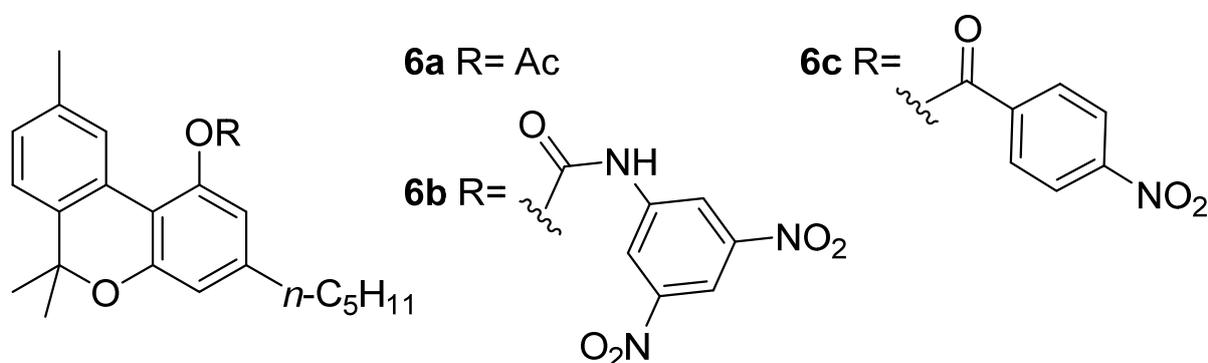


Figure 2. The structures of CBN adducts used for its isolation and characterization: CBN-acetate (6a), CBN-3,5-dinitrophenylurethane (6b) and CBN-4-nitrophenyl ester (6c).

A tragic fate marked by CBN (**5a**) awaited the trio of scientists, despite their initial promising results: Spivey died in an explosion during the nitration of the “red oil” [32], while Wood became severely ill after voluntarily testing its effects [33]. Aside from this, Easterfield is also reported to have died during this research, due to an explosion associated with the hydrogenation of the “red oil”, though later sources report that he survived and relocated to New Zealand [34].

An additional intriguing, albeit tragic episode related to the first research on CBN (**5a**) involves another scientist of the same age, C. R. Marshall, who ingested approximately 100 mg of “red oil” as a means of combating boredom during the distillation of diethylzinc, a highly flammable liquid, to assess whether the hypothetical compound was narcotic. A little more than 45 min later, he was found leaning against the distillation flask in the lab, giggling and repeating “*this is lovely*” as flames spread around him due to oxygen leaks that set fire to diethylzinc. Only the prompt intervention of Marshall’s colleagues prevented a catastrophe, and he recovered quickly afterward [35]. Despite its historical significance, the “red oil” brought, in addition to the tragedies mentioned above, a great deal of confusion to the cannabis research community during its early years, mainly due to two major factors: first, the issue of the name “cannabinol” itself, which has been transferred from the distillate (narcotic) to the natural product (inactive) [31]; the second reason is related to the fact that the plant material from which the oil was distilled often exhibited a fluctuating phytochemical profile resulting from different methods of storage under ambiguous conditions, a profile further influenced by the dramatic conditions of the resin distillation [27].

A “full stop” to the confusion that hovered over CBN (**5a**) was posed in the 1930s by Cahn (famous for nomenclature and stereochemistry with the Cahn–Ingold–Prelog rules [36]): by defining red oil as “raw cannabinol” and the pure compound as “cannabinol”, he was able to elucidate almost completely the structure of the natural product through degradation studies, identifying a dibenzopyranic structure with the presence of a phenol and of a *n*-pentyl on the resorcinylic portion, indicating their relative positions [37].

In the following decade, two scientists worked independently on elucidating this structure, Roger Adams from Illinois State University and Alexander R. Todd (“Tod Almighty” to his students [38]) from the University of Manchester, obtaining several results that still have significant implications for the field of cannabinoids research. In his own experiments, the first obtained crystalline phenylurethane of CBN (**6b**) during a procedure involving 3,5-dinitrobenzoyl chloride treatment of “red oil” [39]; instead, the second sought to remove virtually all CBN from the mother liquor as *p*-nitrobenzoyl chloride ester (**6c**) [40], allowing him to isolate another cannabinoid, later identified as CBD (**2a**) [41]. Through a total synthesis of the CBN (**5a**) in 1940, Adams was able to establish the structure of the molecule definitively [42] (see Section 3.2).

Over the following decades, with the isolation and characterization of major phyto-cannabinoids, research on CBN (**5a**) was slowly set aside, eclipsed by the important and marked pharmacological activity of two compounds in particular, Δ^9 -THC (**1a**) and CBD (**2a**). The diphenyl structure of the natural compound, however, makes it an important model compound for the development of new synthetic methodologies that have led to the design of numerous total syntheses (see Section 3).

3. Synthesis

In today’s world, total synthesis has advanced dramatically thanks to powerful methodologies and sophisticated instruments; however, even for structures that may appear small and simple at first glance, the total synthesis of organic molecules still poses significant challenges for chemists, especially in terms of time efficiency, yields and, more importantly, environmentally friendly processes [43].

The need for simple and effective syntheses of CBN (**5a**) arises from the fact that extractions from plant sources are extremely limited for the following reasons: first, the yields are not very reproducible, since the concentration of the natural product is closely related

to the state of conservation of the plant materials; in addition, CBN (**5a**) exhibits characteristics of polarity and solubility that are similar to those of other cannabinoids—primarily Δ^9 -THC (**1a**)—factors that make extraction a disadvantageous option. In addition to derivatization from “red oil” [29], currently new, more modern methods have been reported, primarily using long-lasting liquid extraction in a Soxhlet apparatus or pressurized liquid extraction [44], with ultrasonication of the extract reported to be an effective method for increasing the extraction yield [45].

Throughout the course of the last century, synthetic methodologies have been refined, leading to several strategies to finally synthesize CBN (**5a**) in excellent yields and solving the problem of obtaining this compound through extraction from the plant.

3.1. Semisynthesis

Since CBN (**5a**) is an oxidative degradation product of D^9 -THC (**1a**), aromatization of its natural precursor or its analogues is one of the simplest and most effective ways to finally achieve it. Different methods have been proposed for oxidizing the C ring of D^9 -THC (**1a**) and several of its regioisomers to CBN (**5a**): Adams first reported this reaction under relatively harsh conditions (heating with sulfur at approximately 250 °C) [42]. The reaction can be performed, in a less extreme environment, using *N*-bromosuccinimide and carbon tetrachloride in the presence of UV light as well, as reported by Razdan [46]. Recently, chloranyl (tetrachloro-1,4-benzoquinone) was found to selectively oxidize D^9 -THC (**1a**) while leaving other isomeric tetrahydrocannabinols unaffected [47]. Another protocol for dehydrogenation, involving selenium dioxide and trimethylsilyl polyphosphate (prepared from P_4O_{10} and hexamethyldisiloxane), has also been described [23].

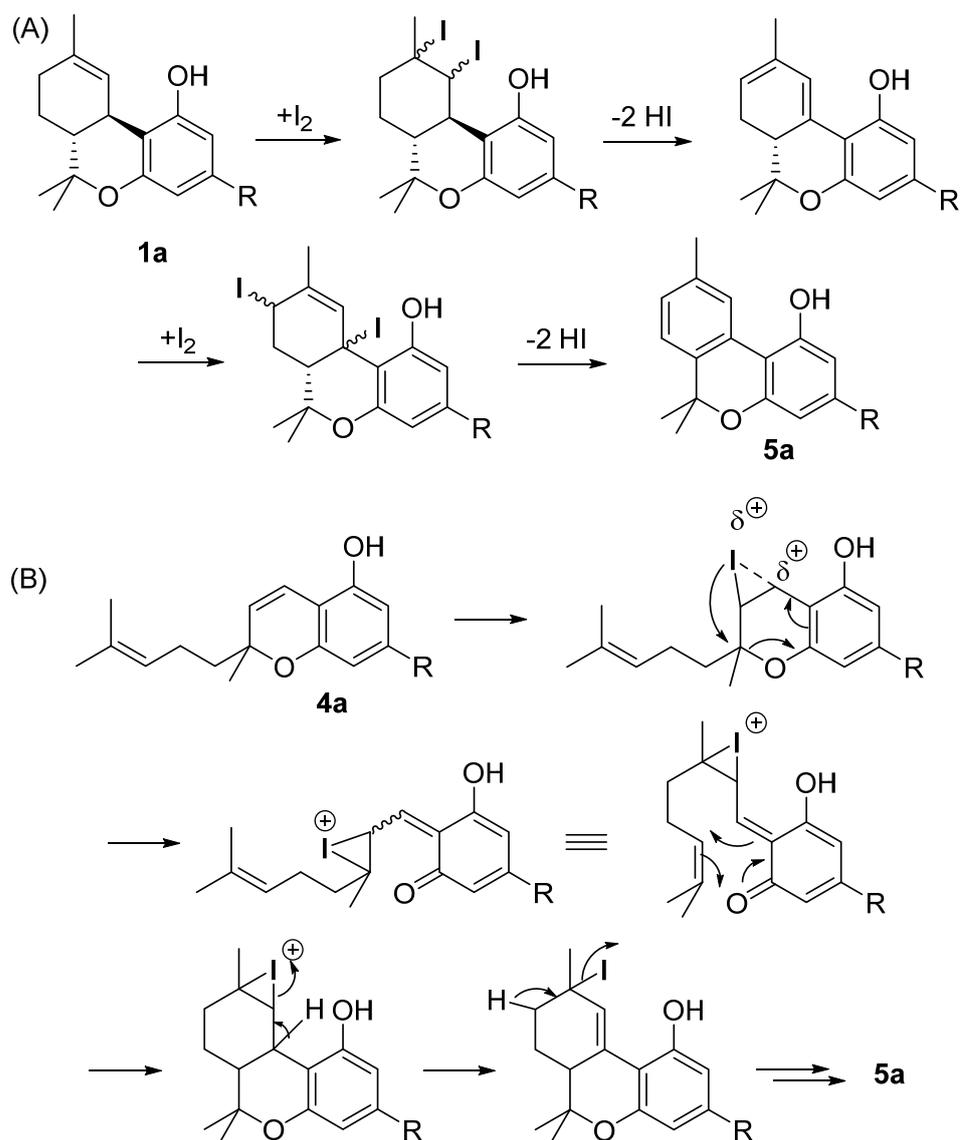
We have recently reported that the iodine treatment of D^9 -THC (**1a**) and THCA (**1b**) directly produces CBN (**5a**) through a series of iodination–dehydroiodination steps driven by the transition from menthyl to *p*-cymyl aromatization (Scheme 1) [48]. Likewise, CBD (**2a**) or CBC (**4a**) can be used as starting materials, yielding between 50 and 70%. As a result of the acidic environment, CBD (**2a**) in situ cyclization occurs to D^9 -THC (**1a**), whereas with CBC (**4a**), the addition of iodine to the chromene bond causes the electrocyclic opening of the heterocyclic ring, followed by a hetero Diels–Alder reaction, which leads to tetrahydrocannabinol derivatives that are then aromatized through iodine addition–hydroiodic acid elimination reactions [49].

3.2. Total Synthesis through Lactonic Intermediate

The majority of the total synthesis of CBN (**5a**) involves the achievement of lactone intermediate **7a** or **7b** (Figure 3), which is then converted into **5a** by gem-methylation, and the subsequent deprotection of the phenolic hydroxyl, if needed.

This includes the first total synthesis of CBN (**5a**) conducted by Adams in 1940 in order to confirm the chemical structure of the natural product (Scheme 2) [42]. In his synthesis, Adams relied on the condensation of 5-*n*-amyl-1,3-cyclohexanedione (**9**), obtained from the hydrogenation of olivetol (**8**) with Nickel–Raney, with methyl-2-bromobenzoic acid (**10**) to form the corresponding pyrone **11**. The subsequent aromatization carried out with sulfur provides lactone **7a**, which was gem-methylated through the use of methyl magnesium iodide to finally provide **5a** with an overall moderate yield.

Nevertheless, in the most recent synthetic strategies, the aromatization step has been set aside in favour of other techniques, which allow for a greater degree of efficiency and yield to be achieved. Depending on the method by which lactone **7a** was obtained, these can be grouped into two main categories: through a biphenyl coupling and through cyclization reactions.



Scheme 1. (A) The semisynthesis of CBN (5a) through an iodine-promoted cyclization of Δ^9 -THC (1a); (B) semisynthesis of CBN (5a) through an iodine promoted prenylchromene-benzochromane rearrangement of CBC (4a). R= *n*-pentyl.

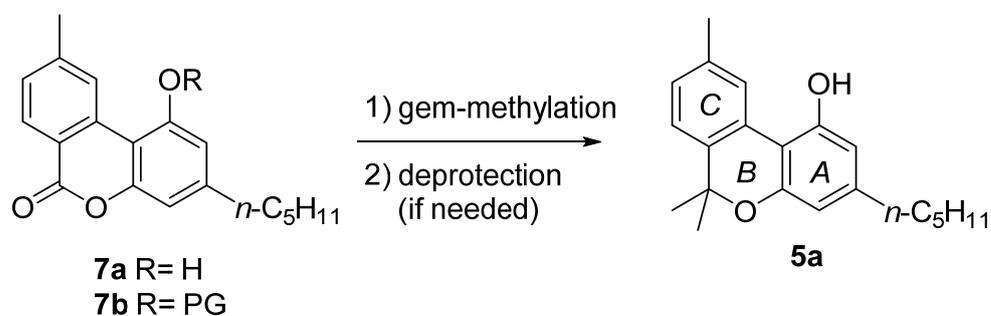
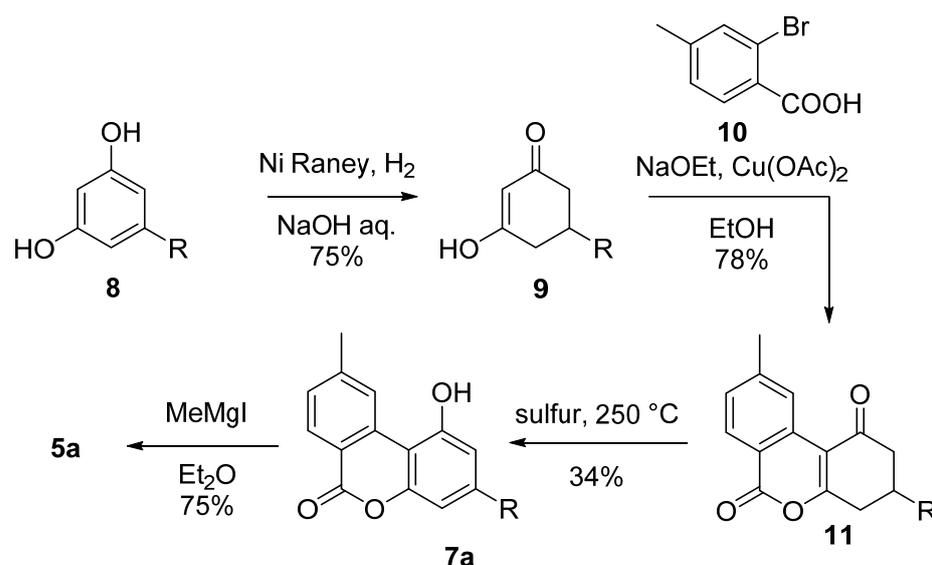


Figure 3. The structure of lactone intermediate 7a–b.

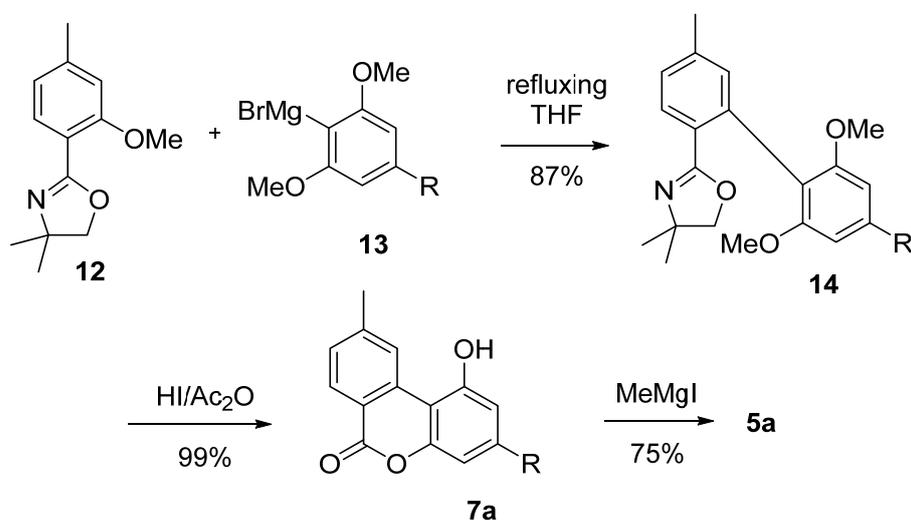


Scheme 2. Adams' synthesis of CBN (**5a**). R = *n*-pentyl.

3.2.1. Synthesis through a Biphenyl Coupling Approach

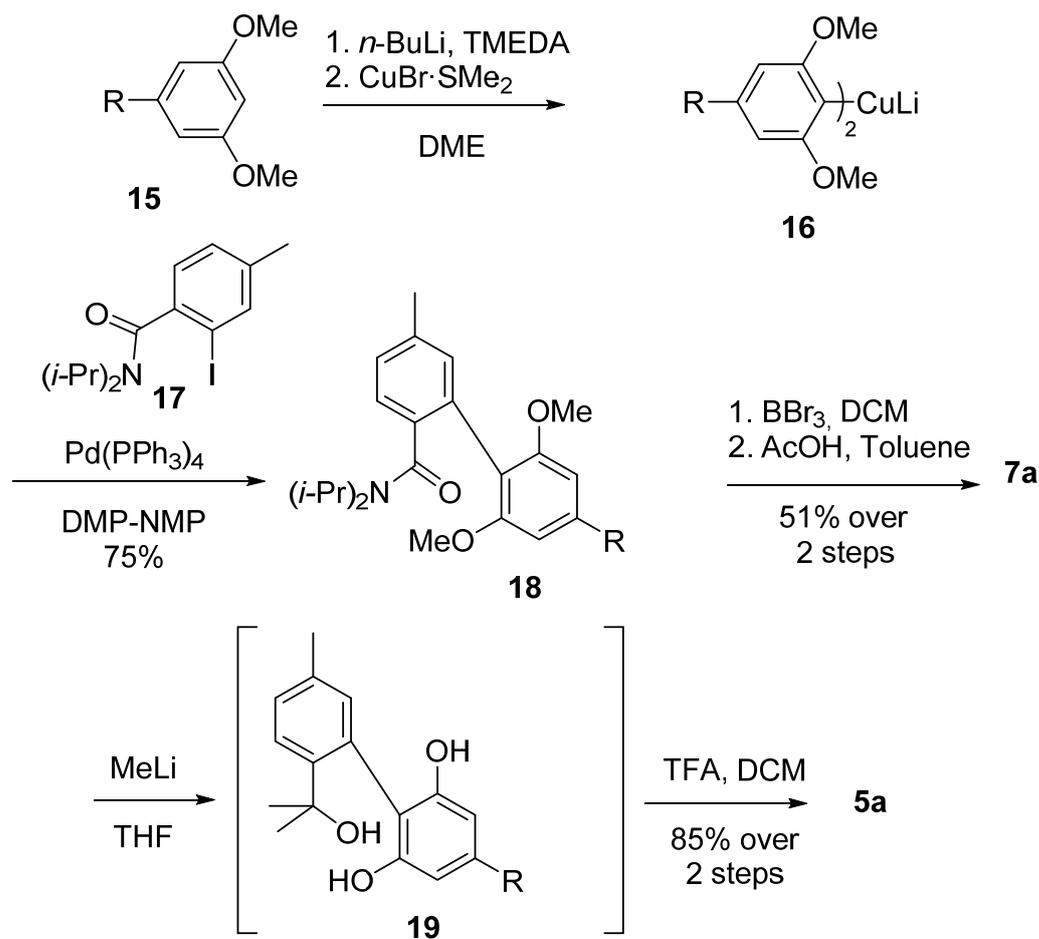
In order to complete the tricyclic structure of CBN (**5a**), one of the most common approaches is to combine two aromatic portions in a coupling reaction to connect rings A and C of the natural product, then an intramolecular reaction to complete the formation of ring B; this is probably due to the extensive amount of research and development that has been undertaken in the last decades in an attempt to optimize the synthesis of the biphenyl core, one of the most common privileged structures in medicinal chemistry [50].

Salemink et al. exploited Grignard's chemistry for the coupling of the two aromatic moieties of rings A and C [51]. The Grignard's reagent derived from 2-bromo-1,3-dimethoxy-5-pentylbenzene (**13**) was reacted with the oxazoline derivative **12** to achieve the corresponding biphenyl **14**. Next, deprotection of the phenolic hydroxyls and lactonization are obtained in a one-pot through the use of an HI/acetic anhydride mixture, which generated lactone **7a**, successively methylated to **5a** using MeMgI in accordance with Adams' method [42] (Scheme 3). An optimized version of this approach by Miyano et al. is not based on the use of the oxazoline derivative **12**, but on its more stable and easily available 2,6-dialkylphenolic benzoate ester analogues [52].



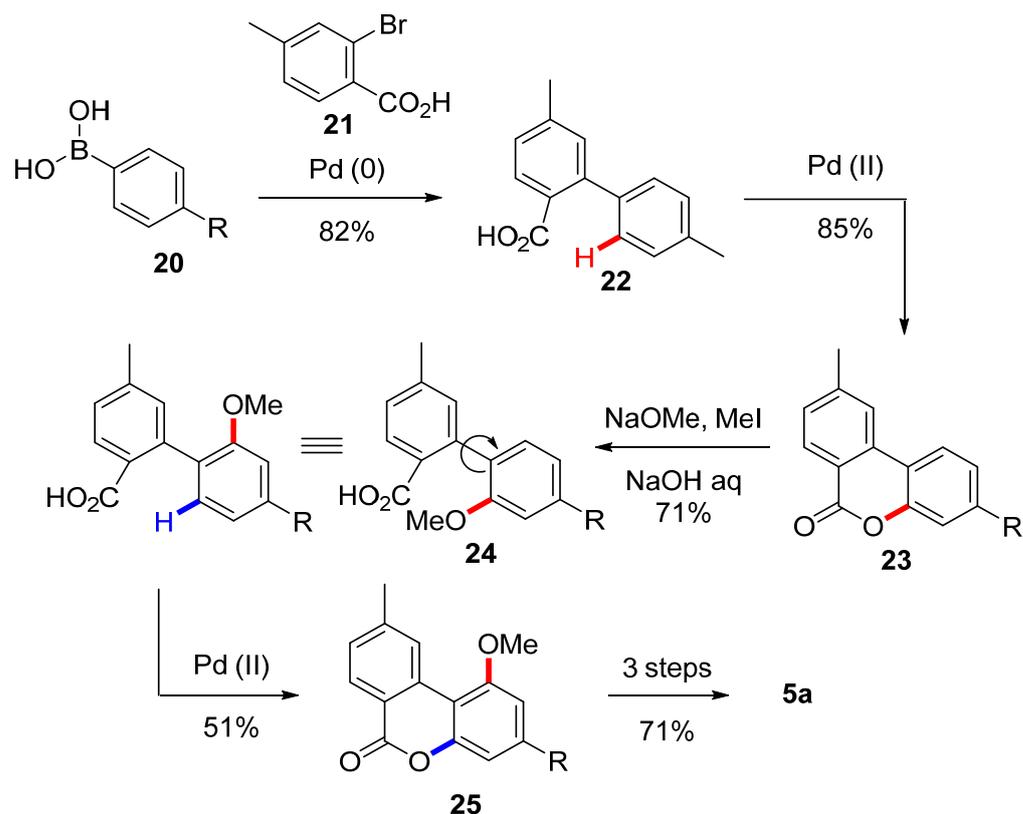
Scheme 3. Salemink's synthesis of CBN (**5a**) using a Grignard approach. R = *n*-pentyl.

Göttlich et al. synthesized the biphenyl core through a modified Ullmann–Ziegler approach using Gilman’s cuprate **16**, obtained through *ortho*-lithiation of bis-methylolivetol (**15**) with *n*-butyl lithium and a subsequent treatment with copper bromide-dimethylsulfide complex. Cuprate **16** then reacted with iodobenzamide **17** to provide the corresponding biphenyl **18** according to the Ullmann–Ziegler cross-coupling, and, after demethylation and subsequent acid-catalyzed cyclization, **7a** was achieved with 51% yield [53]. Moreover, Göttlich modified the insertion of geminal dimethyl by using two equivalents of methyl-lithium to afford tertiary benzylic alcohol **19**, which was then cyclized by treatment with trifluoroacetic acid to produce **5a** with a yield of 85% over two steps (Scheme 4).



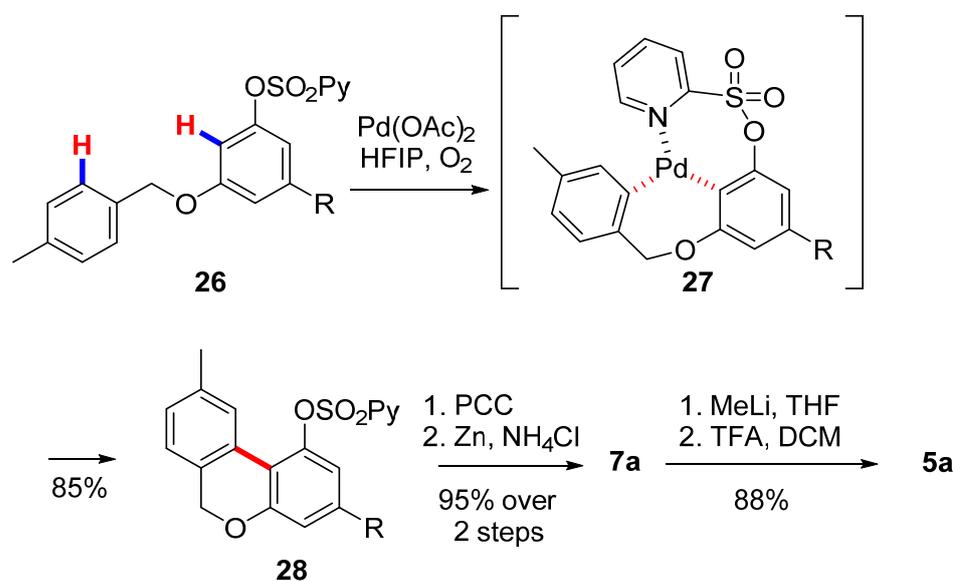
Scheme 4. The synthesis of CBN (**5a**) according to Göttlich. R = *n*-pentyl.

Wang et al. relied instead on a Suzuki coupling and then two subsequent Pd(II)/Pd(IV)-catalyzed carboxyl-directed C–H activation/C–O cyclization for the synthesis of the biaryl lactone precursor and the insertion of the phenolic oxygens [54] (Scheme 5). After a first cyclization of compound **22**, obtained by the Suzuki coupling of boronic acid **20** and bromide **21**, the corresponding lactone **23** underwent nucleophilic attack of NaOMe was then quenched with MeI. Next, hydrolysis of the ester gave the corresponding acid **24**. An additional C–H activation/C–O cyclization was conducted in order to complete assembly of the molecule’s B ring, resulting in the biphenyl lactone **25**, which was then deprotected and gem-methylated using the Göttlich’s protocol [53].



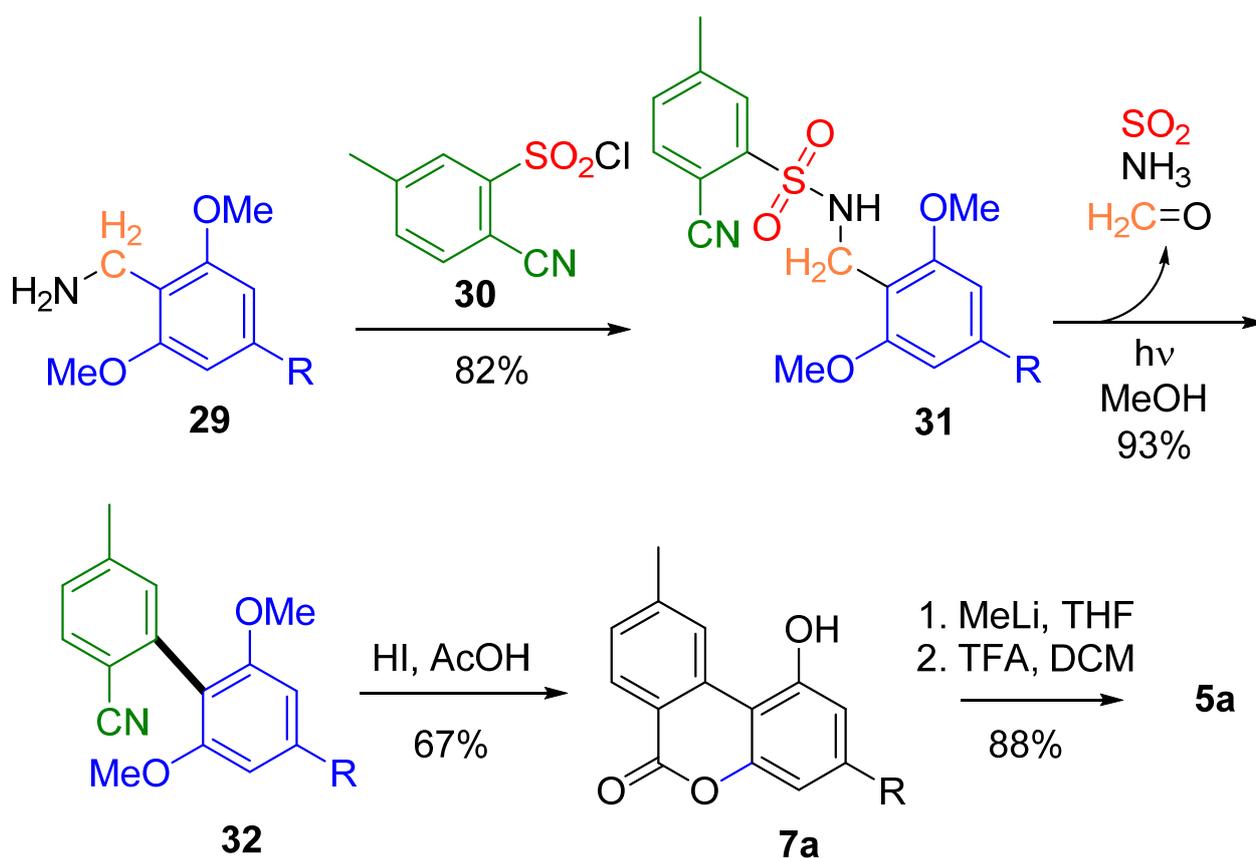
Scheme 5. First Wang synthesis of CBN (**5a**). R = *n*-pentyl.

Wang's group also exploited an intramolecular aromatic C–H/C–H coupling catalyzed by palladium to obtain the corresponding biphenyl core [55] (Scheme 6). A sulfonylpyridyl protection on the precursor **26** is required for the coordination of palladium and activation of the C–H bond (**27**), which resulted in excellent yields of 6*H*-benzo[*c*]chromene **28**. The subsequent oxidation and deprotection of the *O*-(2-pyridyl)sulfonyl group allowed for obtaining lactone **7a**, which was then gem-methylated by means of the protocol optimized by Göttlich [53].



Scheme 6. Second Wang's synthesis of CBN (**5a**). R = *n*-pentyl.

The work of Hertweck et al. was instead characterized by a totally different inspiration: bypassing the use of transition metals, where a photochemical approach was used to synthesize the biphenyl portion [56] (Scheme 7). By irradiation of sulfonamide **31**, easily obtained by a nucleophilic substitution reaction involving sulfonyl chloride **30** and benzyl amine derivative **29**, the biaryl nitrile **32** was obtained, which could be simultaneously demethylated, hydrolyzed and lactonized with a yield of 67% to obtain lactone **7a**, readily converted into **5a** as previously described [55].

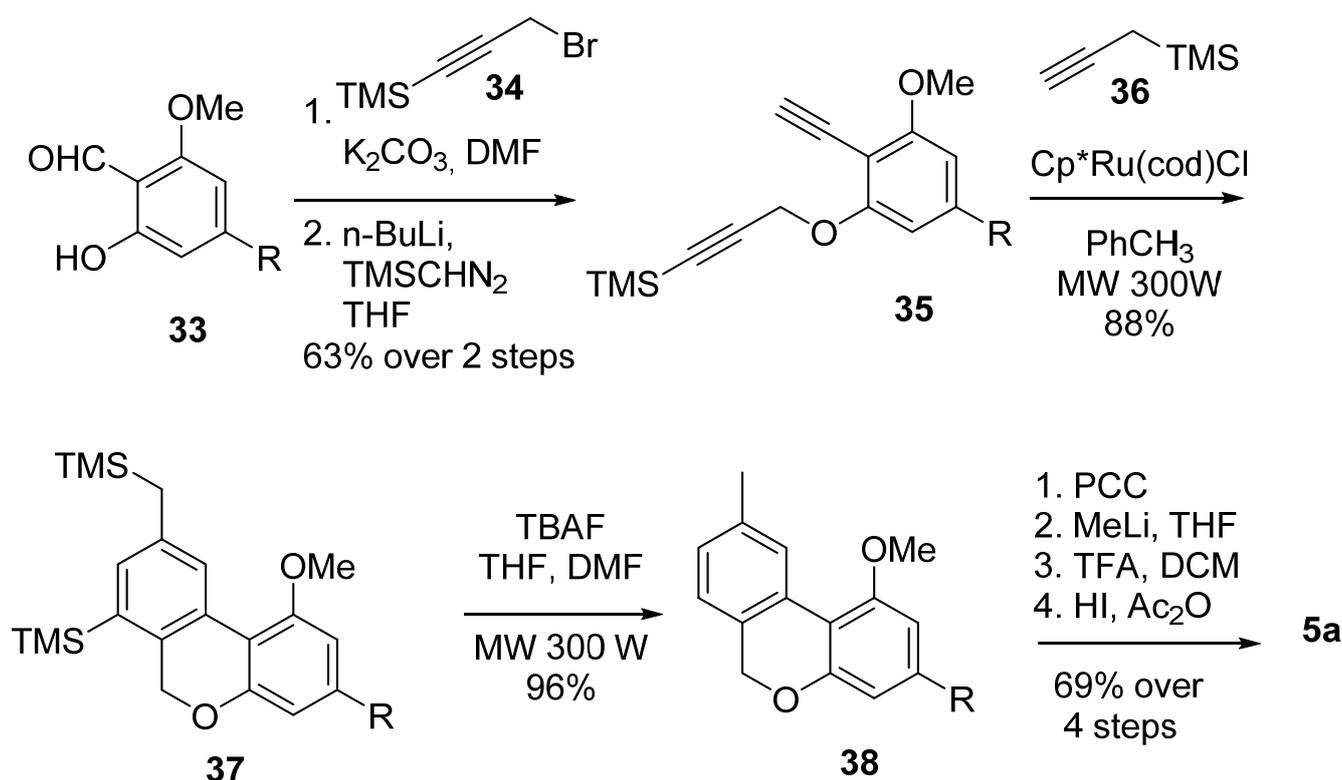


Scheme 7. Hertweck's metal-free CBN (**5a**) synthesis through a photosplicing reaction. R= *n*-pentyl.

3.2.2. Synthesis through a Cyclization Approach

In addition to the previously described methodologies, a second class of common approaches for the synthesis of biaryl lactone **7a** takes advantage of different cyclization reactions to easily build one or more cycles of the tricyclic natural product.

Through a regioselective [2 + 2 + 2] cyclotrimerization reaction catalysed by transition metals, Deiters et al. were able to achieve the formation of rings B and C in a single step [57] (Scheme 8): the substituted diyne **35**, obtained from salicylaldehyde derivative **33** after *O*-alkylation with **34** and reaction with TMS-diazomethane, underwent an efficient and regioselective $\text{Cp}^*\text{Ru}(\text{cod})\text{Cl}$ catalyzed [2 + 2 + 2] cyclotrimerization reaction with propargyltrimethylsilane (**36**) under microwave irradiation, providing pyran **37** with a yield of 88% as a single regioisomer. Subsequent removal of the silyl protections using TFA afforded **38**, and its next oxidation, gem-methylation and deprotection finally resulted in **5a** with a promising yield.

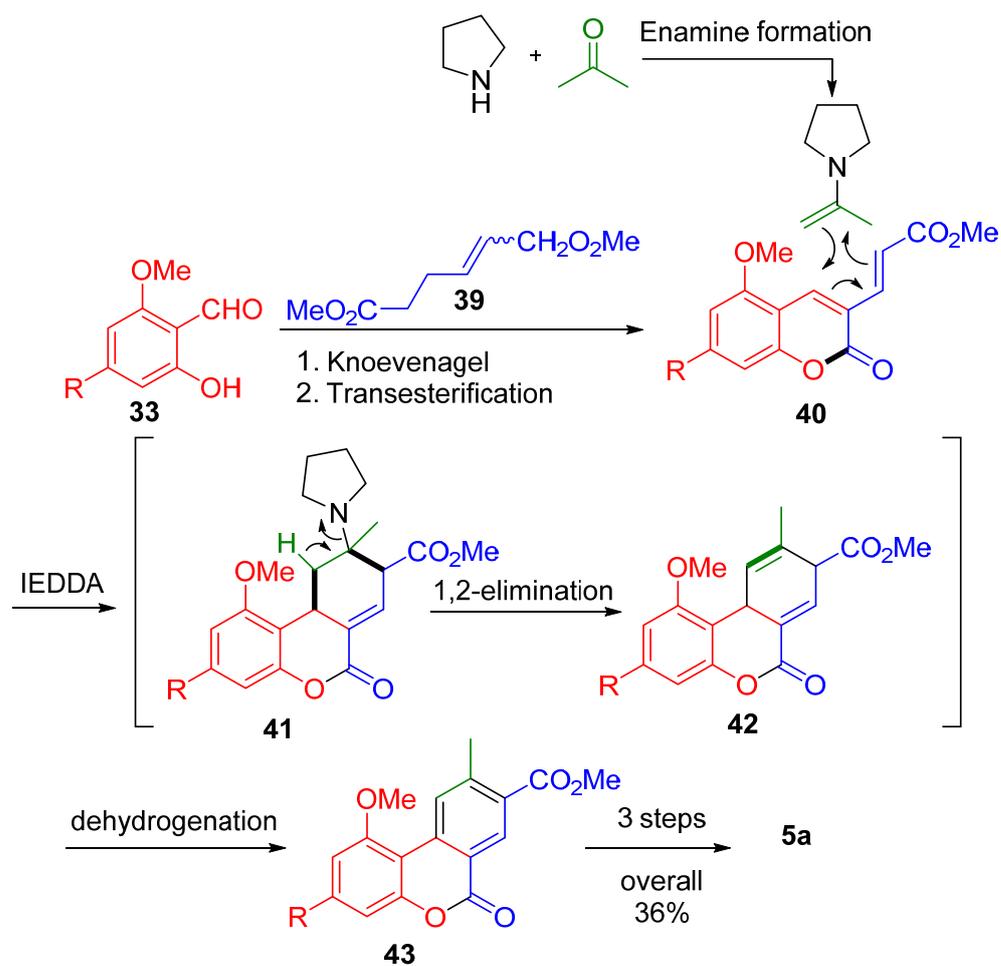


Scheme 8. Deiters's CBN (**5a**) synthesis through a regioselective transition-metal-catalyzed [2 + 2 + 2] cyclotrimerization. R = *n*-pentyl.

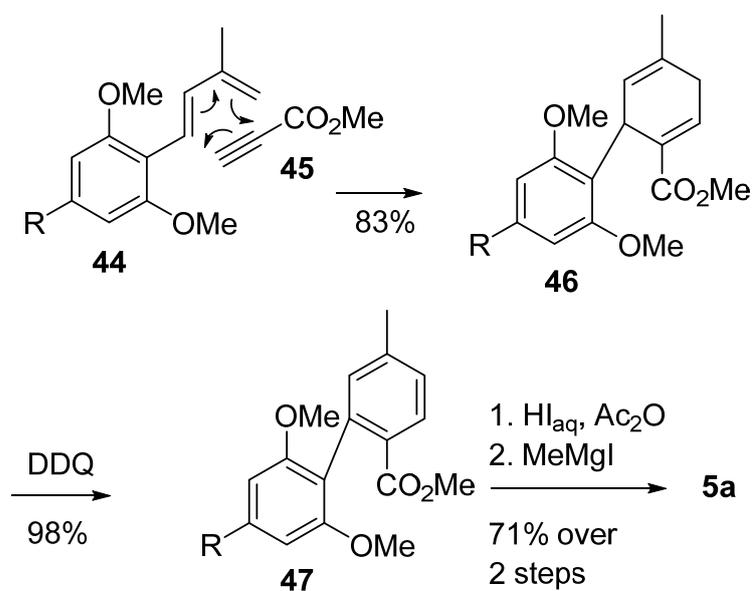
The multicomponent approach used by Bodwell et al. is also of interest, synthesizing 6*H*-dibenzo[*b,d*]pyran-6-ones via multicomponent domino reactions [58] (Scheme 9). The general transformation was comprised of six reactions: Knoevenagel condensation between salicylaldehyde derivative **33** and diester **39**, followed by transesterification to lactone **40**; enamine formation from acetone and pyrrolidine that then participated in an inverse electron demand Diels–Alder reaction (IEDDA) with **40**, affording the corresponding tricyclic derivative **41**, a 1,2-elimination to diene **42**, and, next, dehydrogenation to **43**. During the key inverse electron demand Diels–Alder (IEDDA) step, both diene and dienophile were generated in situ using a secondary amine.

On the other hand, Minuti et al. used another Diels–Alder cyclization approach to obtain the final biphenyl **47** [59] (Scheme 10). Using olivetolic derivative **44** and methyl propiolate **45** as starting materials, phenylcyclohexadiene **46** was formed with excellent yields, and this was then aromatized with the aid of DDQ. The following steps followed what has already been reported in the literature [42].

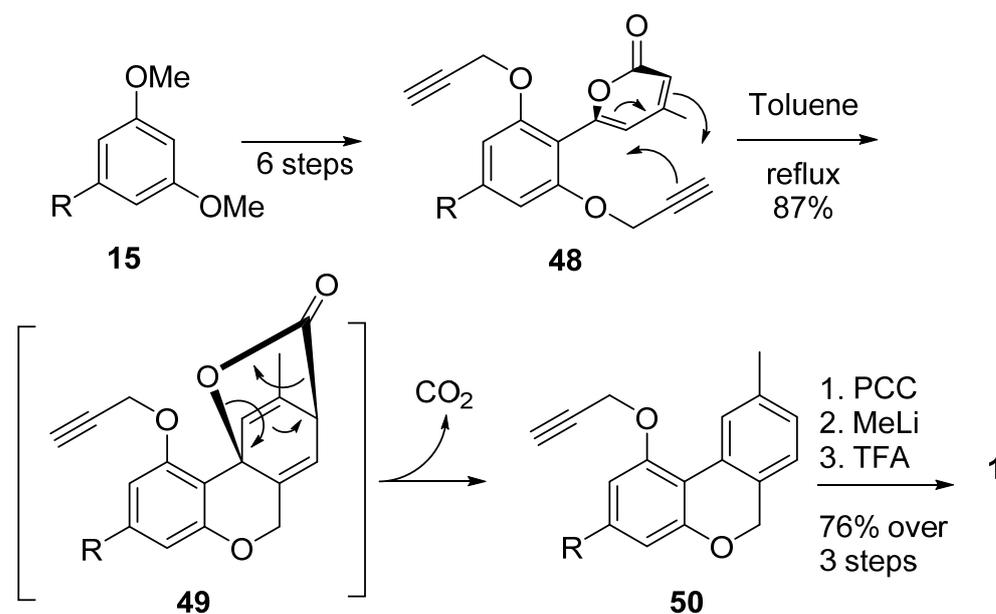
Chang et al. also used Diels–Alder chemistry, although with a different point of view: their synthesis relied upon intramolecular Diels–Alder cyclization between a pyranonic moiety and a propargyl portion (**48**), then a retro-hetero Diels–Alder (**49**) in order to obtain the 6*H*-benzo[*c*]chromene **50** with the loss of a carbon dioxide molecule [60]. After oxidation to lactone, gem-dimethylation and deprotection of the propargyl group, CBN (**5a**) was obtained with reasonable yields (Scheme 11).



Scheme 9. A multicomponent synthesis of CBN (**5a**) according to Bodwell. R = *n*-pentyl.



Scheme 10. Minuti's synthesis of CBN (**5a**) using a Diels–Alder approach. R = *n*-pentyl.



Scheme 11. Chang's synthesis of CBN (**5a**) by intramolecular Diels–Alder approach.

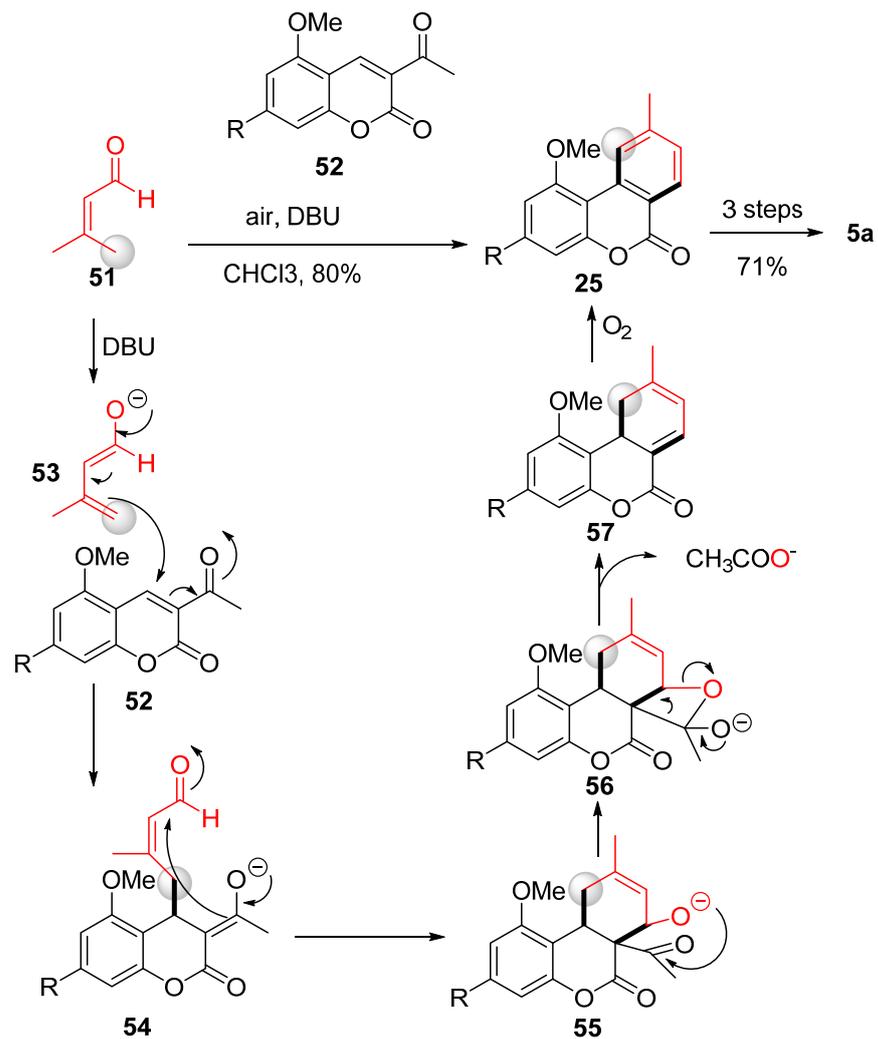
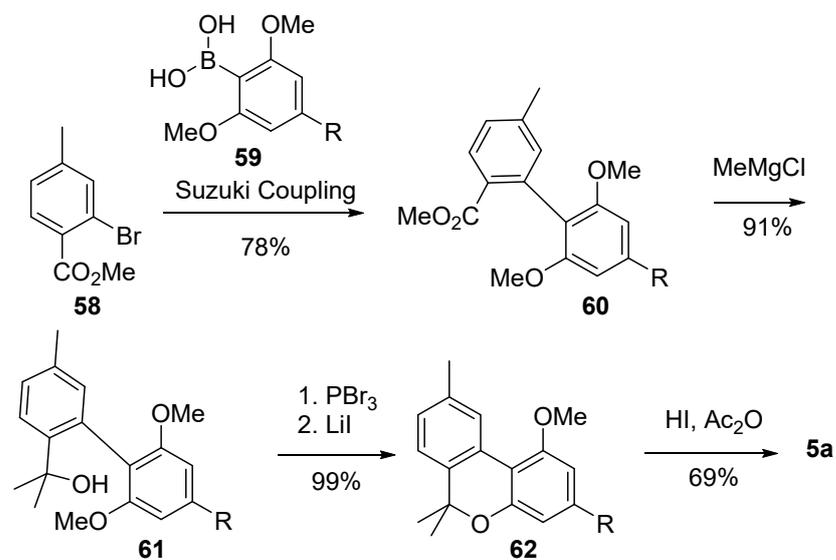
The approach taken by Chi et al. involved instead a formal [4 + 2] method to construct a new benzene ring, which enabled them to obtain different benzocoumarins, including cannabinol [61] (Scheme 12). In this process, the C ring was formed in excellent yields through the interaction between the enol form (**53**) of aldehyde **51** and the acetylcoumarin derivative **52**. The reaction proceeded via a Michael-type addition of the enal γ -carbon of intermediate **53** to coumarin **52** forming intermediate **54**, which underwent an intramolecular aldol reaction to form tricyclic intermediate **55**. Following intramolecular acetal formation, **56** was obtained. As a result of the elimination of an acetate from **56**, compound **57** was formed; then, the reaction was completed via spontaneous oxidative aromatization (with air as an oxidant) to **25**. The subsequent synthetic steps followed what has already been reported [57].

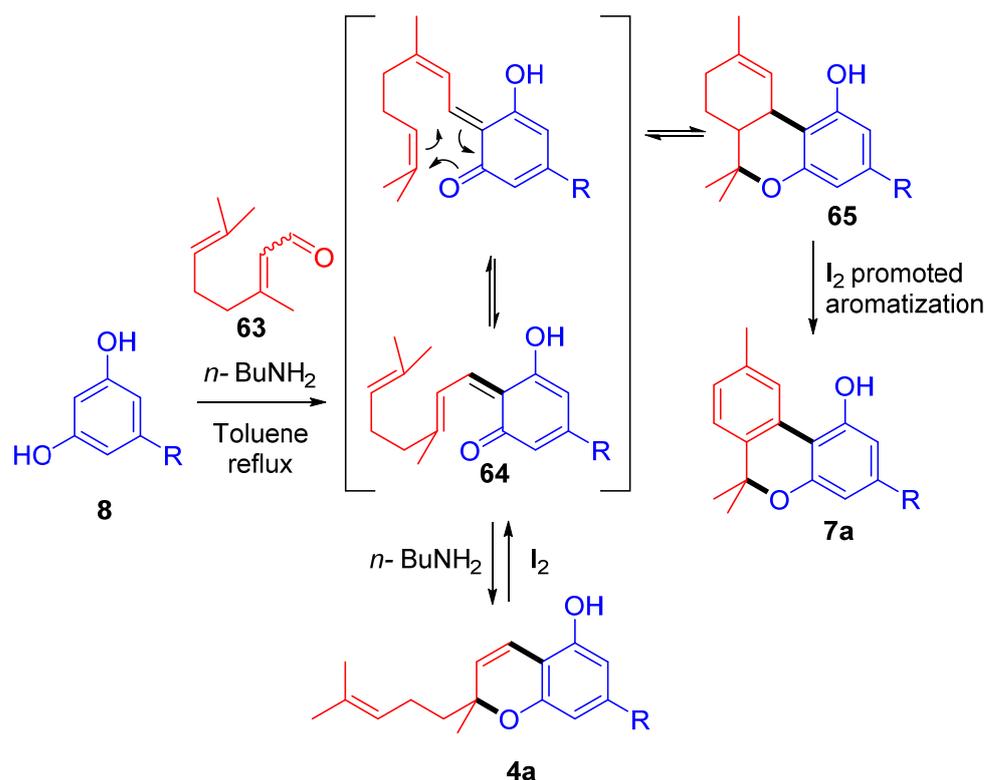
3.3. Total Synthesis through Non-Lactonic Intermediate

The development of syntheses without the lactone intermediate **7a** is relatively rare; however, these syntheses are equally important and play a fundamental role in the background of the chemistry of CBN (**5a**).

As part of their studies on the synthesis of 6-alkyl-6H-benzo[*c*]chromenes, Ruchirawat et al. developed a one-pot cyclization/selective ether cleavage reaction which was then applied to the total synthesis of CBN (**5a**) [62] (Scheme 13). During the event, the product of Suzuki coupling (**60**) between bromide **58** and boronic acid **59** was gem-dimethylated to **61** before the formation of the B ring, obtained by treatment of the latter with PBr_3 , followed by the addition of LiI, which led to the corresponding benzo[*c*]chromene derivative **62**. Final demethylation afforded CBN (**5a**) in good yields.

More recently, our research group, inspired by the reactivity studies of natural phytocannabinoids with molecular iodine [48,63], developed the first one-pot total synthesis of CBN (**5a**) from commercially available starting material exploiting an iodine-mediated deconstructive annulation [49] (Scheme 14). In the event, olivetol (**8**) and citral (**63**) reacted in basic condition to afford the corresponding homoisoprenylchromene CBC (**4a**), which, treated with iodine after removal of the amine catalyst using ionic acidic resin, underwent electroreversion and then hetero Diels–Alder cyclization through a prenylchromene-benzochromane rearrangement, affording a stereoisomeric mixture of THC derivatives **65**. The final iodine-catalyzed aromatization was a driving force strong enough to move the overall equilibrium toward the final product CBN (**5a**), afforded in an outstanding 82% yield.

Scheme 12. Chi's total synthesis of CBN (5a). R = *n*-pentyl.Scheme 13. Ruchirawat's synthesis of CBN (5a). R = *n*-pentyl.



Scheme 14. Iodine-promoted one-pot total synthesis of CBN (5a) using prenylchromene-benzochromane rearrangement. R = *n*-pentyl.

4. Biological Profile

The ECS is an extremely important biological system and the main target of the phytocannabinoids: it modulates a wide range of cognitive and physiological processes that are necessary for regulating the body's homeostatic state [64]. Although the mechanism by which the ECS regulates metabolism is not completely understood, it is thought that its action is largely through cannabinoid ligands activating cyclic AMP/receptor activation-related pathways [65].

The majority of the biological studies conducted on the cannabinome have focused on the “big four” phytocannabinoids; nevertheless, different studies have been conducted to elucidate CBN (5a) pharmacological potential, which have revealed a peculiar and interesting, although sometimes contradictory, biological profile.

4.1. Biochemical Assays

4.1.1. Cannabinoid Receptors (CBs)

CBs are the primary and most studied targets of phytocannabinoids, as well as eponymic receptors. They belong to the G protein-coupled receptor superfamily, and currently two subtypes of cannabinoid receptors are known, namely CB1 and CB2. Generally speaking, the direct activation of CB1 can be characterized by narcotic (euphoric) effects, as well as analgesic, orexic, and anxiety-modulating activities, with the narcotic ones absent in allosteric activators. The activation of CB2 has instead anti-inflammatory and immunity-modulating properties [64]. Despite the fact that CBN (5a) is an agonist of both types of CBs, it exhibits different properties depending on the receptor type. The affinity of CBN (5a) for the CB1 receptors are 10 times lower when compared to that of D⁹-THC (1a) [66–68]; moreover, CBN (5a) is less effective than D⁹-THC (1a) at inhibiting the CB1 receptor-mediated activity of adenylyl cyclase [66]. The activity on CB2, on the other hand, has been reported to have a changeable profile from study to study; while previously CBN (5a) was considered an agonist with the same potency as D⁹-THC (1a) [69], it has recently been reported to have a potency between 2–4 times lower [66]. It is possible

that the discrepancies are caused by different concentrations of CBN (**5a**) used in each experiment, as well as by the different conformational states of the receptors in the different tissues involved in the test.

As for CBN (**5a**) activity on the hypothetical CB3 receptor—the GPR55—there is very little information published, and the few available data show that it has an almost negligible effect *in vitro* [70].

4.1.2. Transient Receptor Potential Channels (TRPs)

Several types of animal cells contain TRP channels, which are ionic channels located primarily on their plasma membranes. Various chemical and physical stimuli (as an example, heat and cold somatosensation) are transduced by these membrane proteins, and pain signals are also generated by them. They are also capable of causing and sustaining inflammation as a result of their activation [71].

Several types of TRPs are modulated by CBN (**5a**): it acts as an agonist at TRPV1, TRPV2, TRPV3 and TRPV4 channels, stimulating the Ca²⁺ influx, as well as activating Ca²⁺-dependent pathways in the cells [71]. Regarding other TRP variants, CBN (**5a**) inhibits the icilin-induced activation of TRPM8 (also known as the cold and menthol receptor 1, CMR1) by acting as a potent antagonist [71]. The natural compound has also been demonstrated to stimulate the TRPA1 channel in a potent and effective manner, exhibiting an EC₅₀ value of 0.18 ± 0.02 mmol [71].

4.2. Pre-Clinical and Clinical Assays

It does not appear that CBN (**5a**) has been extensively investigated preclinically or clinically (no human pharmacokinetic and metabolism data have been reported), although the published results indicate that CBN (**5a**) has a promising pharmacological profile. Despite the positive results of the studies that have been published so far, the results are often still open to doubt, since a large number of the research did not test the most suitable pathological endpoints and did not achieve the outcomes that were expected.

4.2.1. Analgesic and Anti-Inflammatory Activity

As an analgesic and anti-inflammatory agent, CBN (**5a**) has been found to be potentially useful in the treatment of pain. Previous researches have reported that CBN (**5a**) can mitigate the symptoms of myofascial pain disorders, including temporomandibular disorders and fibromyalgia in rats by reducing the mechanical sensitivity induced by intramuscular injections of nerve growth factor in the masseter muscles [72], with an increasing activity when administered in a 1:1 mixture with CBD (**2a**). CBN (**5a**) could attenuate the production of interleukins 2, 4, 5, 13 and decrease allergen mucus production in OVA-sensitized and challenged A/J mice, classifying it as a potential treatment for allergic airway diseases [73]. The use of CBN (**5a**) for the treatment of glaucoma was also suggested since it prevents inflammation which causes elevated intraocular pressure [74]. Moreover, preliminary studies have demonstrated that CBN acts as an antioxidant and decreases cell damage in a cell culture model of Huntington disease [75].

4.2.2. Antibacterial Activity

In the same way that other cannabinoids have been shown to be effective against a number of antibiotic-resistant bacteria, e.g., CBG (**3a**) and CBC (**4a**), CBN (**5a**) also appears to have antibacterial properties; it has been proven to be highly effective against multiple bacteria that are resistant to antibiotics, including methicillin-resistant *Staphylococcus aureus* (MRSA), making it a potentially effective treatment for staph infections [76].

4.2.3. Orexigenic Activity

As well as stimulating hyperphagia, CBN (**5a**) increases food consumption and feeding time in rats [77,78]. However, since CBN (**5a**) is not a narcotic, it may have greater potential

as an orexic drug in conditions where the stimulation of appetite is beneficial, such as terminal cancer and HIV infection.

4.2.4. Treatment of Epidermolysis Bullosa

The use of CBN (**5a**) has recently been shown to be effective in the treatment of epidermolysis bullosa, a group of rare medical conditions characterized by easy blistering of the skin and mucous membranes. Phase 2 studies undertaken by InMed Pharmaceuticals are currently in progress [79] as a follow-up of the previous Phase 1 studies conducted by the same, showing that the CBN (**5a**) based preparation in development was safe and well-tolerated on induced open epidermal wounds, causing no systemic or serious adverse effects [80].

4.2.5. Sleep Induction

As already shown in Section 2, high concentrations of CBN (**5a**) are found in aged cannabis products, since it is the main degradation product of D⁹-THC (**1a**). As a result of unclear reasons, CBN (**5a**) has been associated with the induction of sleep, causing the cannabinoid to be marketed under the name “the sleepy cannabinoid in old weed” at dosages generally less than 5 mg/die [81]. Despite this, sleep studies involving CBN (**5a**) have not reached a clear conclusion as to whether this claim is true.

CBN (**5a**) was reported to increase barbiturate-induced sleep time in one study [82], but this result was not replicated in disaccordance with a previous study [83]. Nevertheless, as shown in a murine study [84], CBN (**5a**), combined with D⁹-THC (**1a**), increased sedation synergistically, and this observation was reproduced in a small clinical trial involving five male volunteers who received oral CBN (50 mg), D⁹-THC (12.5 mg), or two different combinations of them (12.5 mg Δ⁹-THC + 25 mg CBN or 25 mg D⁹-THC and 50 mg CBN), separated by a one-week washout period [84]. As well as pain threshold and skin sensitivity, which are not affected by CBN alone, the combination did not alter the effects of D⁹-THC (**1a**) on heart, blood pressure, and body temperature [84]. Nonetheless, the combination led to modest increases in some subjective outcomes (drowsiness and dizziness). It is therefore unsubstantiated that CBN (**5a**) has sleep-inducing properties, from a clinical perspective [85].

5. Conclusions

The studies reviewed demonstrate the significant contribution that CBN (**5a**) has made to the development of knowledge pertaining, from chemical and biological perspectives, to the field of cannabinoids, even if in a sometimes indirect and particular manner. Since the beginning of the chemistry associated with the study of this class of compounds, CBN (**5a**) has played a crucial role, actively participating in the clarification of their biological properties, the elucidation of the structure of the major cannabinoids, and the development of innovative and efficient extraction and purification processes.

As a result of the subsequent isolation of the major cannabinoids, particularly CBD (**2a**) and Δ⁹-THC (**1a**), and the discovery of the remarkable biological activity associated with them, CBN (**5a**) has unfortunately often been overlooked in favor of its analogues which demonstrate a more marked and promising biological profile; however, it has recently regained prominence following the discovery of the ECS and the multitude of targets that comprise it and provide new avenues for the study and treatment of a broad spectrum of diseases. Despite the large number of biological studies conducted on this compound, further research is necessary: extensive data on pharmacokinetics and pharmacodynamics are required, especially on larger mammals, as well as a complete screening on the large number of secondary targets correlated to the ECS.

The peculiar biphenyl structure of CBN (**5a**) has made it the target compound for the validation of numerous and diversified synthetic techniques, keeping it in high regard from the 1940s to the present day, and a number of important synthetic methodologies have

been developed through the study of its chemistry, including a straightforward one-pot protocol for its synthesis from commercially available source materials.

The current simplicity of synthesis, both of CBN (**5a**) and its analogues, combined with the largely unknown biological properties, make this class of benzo[c]-chromenic structured compounds one of the most powerful platforms for exploration of the biological space associated with the chemotype of cannabinoids.

Author Contributions: Conceptualization, D.C., C.M. and D.M.; methodology, D.M.; software, C.M.; validation, D.C.; formal analysis, H.I.M.A.; investigation, H.I.M.A.; resources, D.C., A.M.; data curation, D.C.; writing—original draft preparation, D.C.; writing—review and editing, C.M., D.M.; visualization, A.M.; supervision, A.M.; project administration, D.C.; funding acquisition, D.C., A.M. All authors have read and agreed to the published version of the manuscript.

Funding: Research on phytocannabinoids at the laboratories of Novara was funded by MIUR Italy (PRIN2017, Project 2017WN73PL, bioactivity-directed exploration of the phytocannabinoid chemical space).

Institutional Review Board Statement: Not applicable.

Informed Consent Statement: Not applicable.

Data Availability Statement: Not applicable.

Conflicts of Interest: The authors declare no conflict of interest.

References

1. Karche, T.; Singh, M.R. The Application of Hemp (*Cannabissativa* L.) for a Green Economy: A Review. *Turk. J. Bot.* **2019**, *43*, 710–723. [[CrossRef](#)]
2. Hesami, M.; Pepe, M.; Baiton, A.; Salami, S.A.; Jones, A.M.P. New Insight into Ornamental Applications of Cannabis: Perspectives and Challenges. *Plants* **2022**, *11*, 2383. [[CrossRef](#)] [[PubMed](#)]
3. Pisanti, S.; Bifulco, M. Medical Cannabis: A Plurimillennial History of an Evergreen. *J. Cell. Physiol.* **2019**, *234*, 8342–8351. [[CrossRef](#)] [[PubMed](#)]
4. De Souza, M.R.; Henriques, A.T.; Limberger, R.P. Medical Cannabis Regulation: An Overview of Models around the World with Emphasis on the Brazilian Scenario. *J. Cannabis Res.* **2022**, *4*, 33. [[CrossRef](#)]
5. Fraguas-Sánchez, A.I.; Torres-Suárez, A.I. Medical Use of Cannabinoids. *Drugs* **2018**, *78*, 1665–1703. [[CrossRef](#)] [[PubMed](#)]
6. Romero-Sandoval, E.A.; Fincham, J.E.; Kolano, A.L.; Sharpe, B.N.; Alvarado-Vázquez, P.A. Cannabis for Chronic Pain: Challenges and Considerations. *Pharmacother. J. Hum. Pharmacol. Drug Ther.* **2018**, *38*, 651–662. [[CrossRef](#)] [[PubMed](#)]
7. Hesami, M.; Pepe, M.; Alizadeh, M.; Rakei, A.; Baiton, A.; Phineas Jones, A.M. Recent Advances in Cannabis Biotechnology. *Ind. Crops Prod.* **2020**, *158*, 113026. [[CrossRef](#)]
8. Nguyen, G.-N.; Jordan, E.N.; Kayser, O. Synthetic Strategies for Rare Cannabinoids Derived from *Cannabis sativa*. *J. Nat. Prod.* **2022**, *85*, 1555–1568. [[CrossRef](#)]
9. Atakan, Z. Cannabis, a Complex Plant: Different Compounds and Different Effects on Individuals. *Ther. Adv. Psychopharmacol.* **2012**, *2*, 241–254. [[CrossRef](#)] [[PubMed](#)]
10. Di Marzo, V. New Approaches and Challenges to Targeting the Endocannabinoid System. *Nat. Rev. Drug Discov.* **2018**, *17*, 623–639. [[CrossRef](#)] [[PubMed](#)]
11. Anokwuru, C.P.; Makolo, F.L.; Sandasi, M.; Tankeu, S.Y.; Elisha, I.L.; Agoni, C.; Combrinck, S.; Viljoen, A. Cannabigerol: A Bibliometric Overview and Review of Research on an Important Phytocannabinoid. *Phytochem. Rev.* **2022**, *21*, 1523–1547. [[CrossRef](#)]
12. Pollastro, F.; Caprioglio, D.; Del Prete, D.; Rogati, F.; Minassi, A.; Tagliatalata-Scafati, O.; Munoz, E.; Appendino, G. Cannabichromene. *Nat. Prod. Commun.* **2018**, *13*, 1934578X1801300. [[CrossRef](#)]
13. Iversen, L. *The Pharmacology of Delta-9-Tetrahydrocannabinol (THC)*; Oxford University Press: Oxford, UK, 2018; Volume 1.
14. Sholler, D.J.; Schoene, L.; Spindle, T.R. Therapeutic Efficacy of Cannabidiol (CBD): A Review of the Evidence From Clinical Trials and Human Laboratory Studies. *Curr. Addict. Rep.* **2020**, *7*, 405–412. [[CrossRef](#)]
15. Maiocchi, A.; Barbieri, J.; Fasano, V.; Passarella, D. Stereoselective Synthetic Strategies to (–)-Cannabidiol. *ChemistrySelect* **2022**, *7*, e202202400. [[CrossRef](#)]
16. Nachnani, R.; Raup-Konsavage, W.M.; Vrana, K.E. The Pharmacological Case for Cannabigerol. *J. Pharmacol. Exp. Ther.* **2021**, *376*, 204–212. [[CrossRef](#)]
17. Bloemendal, V.R.L.J.; van Hest, J.C.M.; Rutjes, F.P.J.T. Synthetic Pathways to Tetrahydrocannabinol (THC): An Overview. *Org. Biomol. Chem.* **2020**, *18*, 3203–3215. [[CrossRef](#)]
18. Hanuš, L.O.; Meyer, S.M.; Muñoz, E.; Tagliatalata-Scafati, O.; Appendino, G. Phytocannabinoids: A Unified Critical Inventory. *Nat. Prod. Rep.* **2016**, *33*, 1357–1392. [[CrossRef](#)]

19. Caprioglio, D.; Amin, H.I.M.; Tagliatalata-Scafati, O.; Muñoz, E.; Appendino, G. Minor Phytocannabinoids: A Misleading Name but a Promising Opportunity for Biomedical Research. *Biomolecules* **2022**, *12*, 1084. [CrossRef]
20. Walsh, K.B.; McKinney, A.E.; Holmes, A.E. Minor Cannabinoids: Biosynthesis, Molecular Pharmacology and Potential Therapeutic Uses. *Front. Pharmacol.* **2021**, *12*, 777804. [CrossRef]
21. Tahir, M.N.; Shahbazi, F.; Rondeau-Gagné, S.; Trant, J.F. The Biosynthesis of the Cannabinoids. *J. Cannabis Res.* **2021**, *3*, 7. [CrossRef]
22. Garrett, E.R.; Gouyette, A.J.; Roseboom, H. Stability of Tetrahydrocannabinols II. *J. Pharm. Sci.* **1978**, *67*, 27–32. [CrossRef] [PubMed]
23. Bastola, K.; Hazekamp, A.; Verpoorte, R. Synthesis and Spectroscopic Characterization of Cannabinolic Acid. *Planta Med.* **2007**, *73*, 273–275. [CrossRef] [PubMed]
24. Pain, S. A Potted History. *Nature* **2015**, *525*, S10–S11. [CrossRef] [PubMed]
25. Lavrieux, M.; Jacob, J.; Disnar, J.-R.; Bréheret, J.-G.; Le Milbeau, C.; Miras, Y.; Andrieu-Ponel, V. Sedimentary Cannabinol Tracks the History of Hemp Retting. *Geology* **2013**, *41*, 751–754. [CrossRef]
26. Russo, E.B. History of Cannabis and Its Preparations in Saga, Science, and Sobriquet. *Chem. Biodivers.* **2007**, *4*, 1614–1648. [CrossRef]
27. Appendino, G. The Early History of Cannabinoid Research. *Rendiconti Lincei. Scienze Fisiche e Naturali* **2020**, *31*, 919–929. [CrossRef]
28. Pertwee, R.G. Cannabinoid Pharmacology: The First 66 Years: Cannabinoid Pharmacology. *Br. J. Pharmacol.* **2006**, *147*, S163–S171. [CrossRef]
29. Wood, T.B.; Spivey, W.T.N.; Easterfield, T.H. XL.—Charas. The Resin of Indian Hemp. *J. Chem. Soc. Trans.* **1896**, *69*, 539–546. [CrossRef]
30. Caprioglio, D.; Mattoteia, D.; Tagliatalata-Scafati, O.; Muñoz, E.; Appendino, G. Cannabinoquinones: Synthesis and Biological Profile. *Biomolecules* **2021**, *11*, 991. [CrossRef]
31. Wood, T.B.; Spivey, W.T.N.; Easterfield, T.H. III.—Cannabinol. Part I. *J. Chem. Soc. Trans.* **1899**, *75*, 20–36. [CrossRef]
32. Madan, H.G.; Randall, W.B.; Shaw, S.; Simpson, M.; Newton Spivey, W.T. Obituary notices: Sir Joseph Henry Gilbert, Ph.D., M.A., L.L.D., Sc.D., F.R.S., 1817–1901. *J. Chem. Soc. Trans.* **1902**, *81*, 625–636. [CrossRef]
33. Walton, R. *Marihuana, America's New Drug Problem*; Lippincott: New York, NY, USA, 1938.
34. Brian, R. Davis “Easterfield, Thomas Hill”, Dictionary of New Zealand Biography, First Published in 1996. Te Ar—The Encyclopedia of New Zealand. Available online: <https://teara.govt.nz/en/biographies/3e1/easterfield-thomas-hill> (accessed on 15 September 2022).
35. Mills, J.H. *Cannabis Britannica: Empire, Trade, and Prohibition, 1800–1928*; Oxford University Press: Oxford, UK, 2005; ISBN 978-0-19-927881-7.
36. Cahn, R.S.; Ingold, C.; Prelog, V. Specification of Molecular Chirality. *Angew. Chem. Int. Ed. Engl.* **1966**, *5*, 385–415. [CrossRef]
37. Cahn, R.S. 326. Cannabis Indica Resin. Part IV. The Synthesis of Some 2: 2-Dimethyldibenzopyrans, and Confirmation of the Structure of Cannabinol. *J. Chem. Soc. Resumed* **1933**, 1400–1405. [CrossRef]
38. Mechoulam, R. Todd's Achievement. *Nature* **1997**, *386*, 755. [CrossRef] [PubMed]
39. Adams, R.; Pease, D.C.; Clark, J.H. Isolation of Cannabinol, Cannabidiol and Quebrachitol from Red Oil of Minnesota Wild Hemp. *J. Am. Chem. Soc.* **1940**, *62*, 2194–2196. [CrossRef]
40. Work, T.S.; Bergel, F.; Todd, A.R. The Active Principles of Cannabis Indica Resin. I. *Biochem. J.* **1939**, *33*, 123–127. [CrossRef]
41. Jacob, A.; Todd, A.R. 119. Cannabis Indica. Part II. Isolation of Cannabidiol from Egyptian Hashish. Observations on the Structure of Cannabinol. *J. Chem. Soc. Resumed* **1940**, 649–653. [CrossRef]
42. Adams, R.; Baker, B.R.; Wearn, R.B. Structure of Cannabinol. III. Synthesis of Cannabinol, 1-Hydroxy-3-n-Amyl-6,6,9-Trimethyl-6-Dibenzopyran¹. *J. Am. Chem. Soc.* **1940**, *62*, 2204–2207. [CrossRef]
43. Hanessian, S.; Margarita, R.; Hall, A.; Johnstone, S.; Tremblay, M.; Parlanti, L. New and Old Challenges in Total Synthesis. From Concept to Practice. *Pure Appl. Chem.* **2003**, *75*, 209–221. [CrossRef]
44. Wianowska, D.; Dawidowicz, A.L.; Kowalczyk, M. Transformations of Tetrahydrocannabinol, Tetrahydrocannabinolic Acid and Cannabinol during Their Extraction from Cannabis sativa L. *J. Anal. Chem.* **2015**, *70*, 920–925. [CrossRef]
45. Hidayati, N.; Saefumillah, A.; Cahyana, A.H. Simple Isolation Method of Cannabinol from Cannabis sativa to Produce Secondary Reference Standard Analysis Material. *IOP Conf. Ser. Mater. Sci. Eng.* **2020**, *902*, 012063. [CrossRef]
46. Meltzer, P.C.; Dalzell, H.C.; Razdan, R.K. An Improved Synthesis of Cannabinol and Cannabiorcol. *Synthesis* **1981**, *1981*, 985–987. [CrossRef]
47. Mechoulam, R.; Yagnitinsky, B.; Gaoni, Y. Hashish. XII. Stereoelectronic Factor in the Chloranil Dehydrogenation of Cannabinoids. Total Synthesis of DL-Cannabichromene. *J. Am. Chem. Soc.* **1968**, *90*, 2418–2420. [CrossRef] [PubMed]
48. Pollastro, F.; Caprioglio, D.; Marotta, P.; Moriello, A.S.; De Petrocellis, L.; Tagliatalata-Scafati, O.; Appendino, G. Iodine-Promoted Aromatization of *p*-Menthane-Type Phytocannabinoids. *J. Nat. Prod.* **2018**, *81*, 630–633. [CrossRef] [PubMed]
49. Caprioglio, D.; Mattoteia, D.; Minassi, A.; Pollastro, F.; Lopatriello, A.; Muñoz, E.; Tagliatalata-Scafati, O.; Appendino, G. One-Pot Total Synthesis of Cannabinol via Iodine-Mediated Deconstructive Annulation. *Org. Lett.* **2019**, *21*, 6122–6125. [CrossRef] [PubMed]
50. Costantino, L.; Barlocco, D. Privileged Structures as Leads in Medicinal Chemistry. *Curr. Med. Chem.* **2006**, *13*, 65–85. [CrossRef]

51. Novák, J.; Salemin, C.A. Cannabis Xxiv. A New Convenient Synthesis of Cannabinol. *Tetrahedron Lett.* **1982**, *23*, 253–254. [[CrossRef](#)]
52. Hattori, T.; Suzuki, T.; Miyano, S. A Practical and Efficient Method for the Construction of the Biphenyl Framework; Nucleophilic Aromatic Substitution on 2-Methoxybenzoates with Aryl Grignard Reagents. *J. Chem. Soc. Chem. Commun.* **1991**, 1375–1376. [[CrossRef](#)]
53. Nüllen, M.; Göttlich, R. Synthesis of Cannabinol by a Modified Ullmann-Ziegler Cross-Coupling. *Synlett* **2013**, *24*, 1109–1112. [[CrossRef](#)]
54. Li, Y.; Ding, Y.-J.; Wang, J.-Y.; Su, Y.-M.; Wang, X.-S. Pd-Catalyzed C–H Lactonization for Expedient Synthesis of Biaryl Lactones and Total Synthesis of Cannabinol. *Org. Lett.* **2013**, *15*, 2574–2577. [[CrossRef](#)] [[PubMed](#)]
55. Guo, D.-D.; Li, B.; Wang, D.-Y.; Gao, Y.-R.; Guo, S.-H.; Pan, G.-F.; Wang, Y.-Q. Synthesis of 6 *H*-Benzo[*c*]Chromenes via Palladium-Catalyzed Intramolecular Dehydrogenative Coupling of Two Aryl C–H Bonds. *Org. Lett.* **2017**, *19*, 798–801. [[CrossRef](#)] [[PubMed](#)]
56. Kloss, F.; Neuwirth, T.; Haensch, V.G.; Hertweck, C. Metal-Free Synthesis of Pharmaceutically Important Biaryls by Photosplicing. *Angew. Chem. Int. Ed.* **2018**, *57*, 14476–14481. [[CrossRef](#)]
57. Teske, J.A.; Deiters, A. A Cyclotrimerization Route to Cannabinoids. *Org. Lett.* **2008**, *10*, 2195–2198. [[CrossRef](#)] [[PubMed](#)]
58. Nandaluru, P.R.; Bodwell, G.J. Multicomponent Synthesis of 6 *H*-Dibenzo[*b,d*]Pyran-6-Ones and a Total Synthesis of Cannabinol. *Org. Lett.* **2012**, *14*, 310–313. [[CrossRef](#)]
59. Minuti, L.; Temperini, A.; Ballerini, E. High-Pressure-Promoted Diels–Alder Approach to Biaryls: Application to the Synthesis of the Cannabinols Family. *J. Org. Chem.* **2012**, *77*, 7923–7931. [[CrossRef](#)] [[PubMed](#)]
60. Fan, F.; Dong, J.; Wang, J.; Song, L.; Song, C.; Chang, J. An Intramolecular Pyranone Diels–Alder Cycloaddition Approach to Cannabinol. *Adv. Synth. Catal.* **2014**, *356*, 1337–1342. [[CrossRef](#)]
61. Mou, C.; Zhu, T.; Zheng, P.; Yang, S.; Song, B.-A.; Chi, Y.R. Green and Rapid Access to Benzocoumarins *via* Direct Benzene Construction through Base-Mediated Formal [4+2] Reaction and Air Oxidation. *Adv. Synth. Catal.* **2016**, *358*, 707–712. [[CrossRef](#)]
62. Norseeda, K.; Tummatorn, J.; Krajangsri, S.; Thongsornkleeb, C.; Ruchirawat, S. Synthesis of 6-Alkyl-6 *H*-Benzo[*c*]Chromene Derivatives by Cyclization/Selective Ether Cleavage in One Pot: Total Synthesis of Cannabinol. *Asian J. Org. Chem.* **2016**, *5*, 792–800. [[CrossRef](#)]
63. Lopatriello, A.; Caprioglio, D.; Minassi, A.; Schiano Moriello, A.; Formisano, C.; De Petrocellis, L.; Appendino, G.; Tagliatela-Scafati, O. Iodine-Mediated Cyclization of Cannabigerol (CBG) Expands the Cannabinoid Biological and Chemical Space. *Bioorg. Med. Chem.* **2018**, *26*, 4532–4536. [[CrossRef](#)] [[PubMed](#)]
64. De Petrocellis, L.; Di Marzo, V. An Introduction to the Endocannabinoid System: From the Early to the Latest Concepts. *Best Pract. Res. Clin. Endocrinol. Metab.* **2009**, *23*, 1–15. [[CrossRef](#)]
65. Moreno, E.; Cavic, M.; Canela, E.I. Functional Fine-Tuning of Metabolic Pathways by the Endocannabinoid System—Implications for Health and Disease. *Int. J. Mol. Sci.* **2021**, *22*, 3661. [[CrossRef](#)] [[PubMed](#)]
66. Rhee, M.-H.; Vogel, Z.; Barg, J.; Bayewitch, M.; Levy, R.; Hanuš, L.; Breuer, A.; Mechoulam, R. Cannabinol Derivatives: Binding to Cannabinoid Receptors and Inhibition of Adenylyl cyclase. *J. Med. Chem.* **1997**, *40*, 3228–3233. [[CrossRef](#)] [[PubMed](#)]
67. Riedel, G.; Fadda, P.; McKillop-Smith, S.; Pertwee, R.G.; Platt, B.; Robinson, L. Synthetic and Plant-Derived Cannabinoid Receptor Antagonists Show Hypophagic Properties in Fasted and Non-Fasted Mice: Cannabinoid Antagonists as Anorectic Agents. *Br. J. Pharmacol.* **2009**, *156*, 1154–1166. [[CrossRef](#)] [[PubMed](#)]
68. Rock, E.M.; Kopstick, R.L.; Limebeer, C.L.; Parker, L.A. Tetrahydrocannabinolic Acid Reduces Nausea-Induced Conditioned Gaping in Rats and Vomiting in *Suncus murinus*: THCA, Emesis and Nausea. *Br. J. Pharmacol.* **2013**, *170*, 641–648. [[CrossRef](#)]
69. Munro, S.; Thomas, K.L.; Abu-Shaar, M. Molecular Characterization of a Peripheral Receptor for Cannabinoids. *Nature* **1993**, *365*, 61–65. [[CrossRef](#)]
70. Ryberg, E.; Larsson, N.; Sjögren, S.; Hjorth, S.; Hermansson, N.-O.; Leonova, J.; Elebring, T.; Nilsson, K.; Drmota, T.; Greasley, P.J. The Orphan Receptor GPR55 Is a Novel Cannabinoid Receptor: GPR55, a Novel Cannabinoid Receptor. *Br. J. Pharmacol.* **2007**, *152*, 1092–1101. [[CrossRef](#)]
71. De Petrocellis, L.; Ligresti, A.; Moriello, A.S.; Allarà, M.; Bisogno, T.; Petrosino, S.; Stott, C.G.; Di Marzo, V. Effects of Cannabinoids and Cannabinoid-Enriched *Cannabis* Extracts on TRP Channels and Endocannabinoid Metabolic Enzymes: Novel Pharmacology of Minor Plant Cannabinoids. *Br. J. Pharmacol.* **2011**, *163*, 1479–1494. [[CrossRef](#)]
72. Wong, H.; Cairns, B.E. Cannabidiol, Cannabinol and Their Combinations Act as Peripheral Analgesics in a Rat Model of Myofascial Pain. *Arch. Oral Biol.* **2019**, *104*, 33–39. [[CrossRef](#)] [[PubMed](#)]
73. Jan, T.-R.; Farraj, A.K.; Harkema, J.R.; Kaminski, N.E. Attenuation of the Ovalbumin-Induced Allergic Airway Response by Cannabinoid Treatment in A/J Mice ☆. *Toxicol. Appl. Pharmacol.* **2003**, *188*, 24–35. [[CrossRef](#)]
74. Elshohly, M.A.; Harland, E.; Murphy, J.C.; Wirth, P.; Waller, C.W. Cannabinoids in Glaucoma: A Primary Screening Procedure. *J. Clin. Pharmacol.* **1981**, *21*, 472S–478S. [[CrossRef](#)]
75. Aiken, C.T.; Tobin, A.J.; Schweitzer, E.S. A Cell-Based Screen for Drugs to Treat Huntington’s Disease. *Neurobiol. Dis.* **2004**, *16*, 546–555. [[CrossRef](#)] [[PubMed](#)]
76. Appendino, G.; Gibbons, S.; Giana, A.; Pagani, A.; Grassi, G.; Stavri, M.; Smith, E.; Rahman, M.M. Antibacterial Cannabinoids from *Cannabis sativa*: A Structure–Activity Study. *J. Nat. Prod.* **2008**, *71*, 1427–1430. [[CrossRef](#)]

77. Farrimond, J.A.; Whalley, B.J.; Williams, C.M. Cannabinol and Cannabidiol Exert Opposing Effects on Rat Feeding Patterns. *Psychopharmacology* **2012**, *223*, 117–129. [[CrossRef](#)] [[PubMed](#)]
78. Farrimond, J.A.; Whalley, B.J.; Williams, C.M. Non- Δ^9 tetrahydrocannabinol Phytocannabinoids Stimulate Feeding in Rats. *Behav. Pharmacol.* **2012**, *23*, 113–117. [[CrossRef](#)]
79. InMed Announces Update on Phase 2 Clinical Trial Investigating INM-755 Cannabinol Cream for Epidermolysis Bullosa. Available online: <https://investors.inmedpharma.com/news-releases/news-release-details/inmed-announces-update-phase-2-clinical-trial-investigating-inm> (accessed on 15 September 2022).
80. InMed Announces Results of Second Phase 1 Clinical Trial of INM-755 CBN Cream in Healthy Subjects. Available online: https://investors.inmedpharma.com/2021-01-08-InMed-Announces-Results-of-Second-Phase-1-Clinical-Trial-of-INM-755-CBN-Cream-in-Healthy-Subjects?_ga=2.241590278.568845992.1663078970-2025599024.1663078970 (accessed on 15 September 2022).
81. Corroon, J. Cannabinol and Sleep: Separating Fact from Fiction. *Cannabis Cannabinoid Res.* **2021**, *6*, 366–371. [[CrossRef](#)]
82. Yoshida, H.; Usami, N.; Ohishi, Y.; Watanabe, K.; Yamamoto, I.; Yoshimura, H. Synthesis and Pharmacological Effects in Mice of Halogenated Cannabinol Derivatives. *Chem. Pharm. Bull.* **1995**, *43*, 335–337. [[CrossRef](#)]
83. Chesher, G.B.; Jackson, D.M.; Starmer, G.A. Interaction of Cannabis and General Anaesthetic Agents in Mice. *Br. J. Pharmacol.* **1974**, *50*, 593–599. [[CrossRef](#)]
84. Takahashi, R.N.; Karniol, I.G. Pharmacological interaction between cannabiniol and δ^9 -tetrahydrocannabinol. *Psychopharmacologia* **1975**, *41*, 277–284. [[CrossRef](#)]
85. Karniol, I.G.; Shirakawa, I.; Takahashi, R.N.; Knobel, E.; Musty, R.E. Effects of Δ^9 -Tetrahydrocannabinol and Cannabinol in Man. *Pharmacology* **1975**, *13*, 502–512. [[CrossRef](#)]

ORIGINAL RESEARCH

Open Access



Delta-8-THC: Delta-9-THC's nicer younger sibling?

Jessica S. Kruger^{1*}  and Daniel J. Kruger^{1,2}

Abstract

Background: Products containing delta-8-THC became widely available in most of the USA following the 2018 Farm Bill and by late 2020 were core products of hemp processing companies, especially where delta-9-THC use remained illegal or required medical authorization. Research on experiences with delta-8-THC is scarce, some state governments have prohibited it because of this lack of knowledge.

Objective: We conducted an exploratory study addressing a broad range of issues regarding delta-8-THC to inform policy discussions and provide directions for future systematic research.

Methods: We developed an online survey for delta-8-THC consumers, including qualities of delta-8-THC experiences, comparisons with delta-9-THC, and open-ended feedback. The survey included quantitative and qualitative aspects to provide a rich description and content for future hypothesis testing. Invitations to participate were distributed by a manufacturer of delta-8-THC products via social media accounts, email contact list, and the Delta8 [Reddit.com](https://www.reddit.com/r/Delta8) discussion board. Participants ($N = 521$) mostly identified as White/European American (90%) and male (57%). Pairwise t tests compared delta-8-THC effect rating items; one-sample t tests examined responses to delta-9-THC comparison items.

Results: Most delta-8-THC users experienced a lot or a great deal of relaxation (71%); euphoria (68%) and pain relief (55%); a moderate amount or a lot of cognitive distortions such as difficulty concentrating (81%), difficulties with short-term memory (80%), and alerted sense of time (74%); and did not experience anxiety (74%) or paranoia (83%). Participants generally compared delta-8-THC favorably with both delta-9-THC and pharmaceutical drugs, with most participants reporting substitution for delta-9-THC (57%) and pharmaceutical drugs (59%). Participant concerns regarding delta-8-THC were generally focused on continued legal access.

Conclusions: Delta-8-THC may provide much of the experiential benefits of delta-9-THC with lesser adverse effects. Future systematic research is needed to confirm participant reports, although these studies are hindered by the legal statuses of both delta-8-THC and delta-9-THC. Cross-sector collaborations among academics, government officials, and representatives from the cannabis industry may accelerate the generation of knowledge regarding delta-8-THC and other cannabinoids. A strength of this study is that it is the first large survey of delta-8 users, limitations include self-report data from a self-selected convenience sample.

Keywords: Medical cannabis, Cannabis, Cannabinoid, Delta-8-THC, Subjective effects

Background

Among hundreds of cannabinoids, delta-8-tetrahydrocannabinol (delta-8-THC, Δ^8 -THC) has rapidly risen in popularity among consumers of cannabis products. Delta-8-THC is an isomer or a chemical analog of

*Correspondence: jskruger@buffalo.edu

¹ Department of Community Health and Health Behavior, University at Buffalo, SUNY, 319 Kimball Tower, Buffalo, NY, USA
Full list of author information is available at the end of the article



© The Author(s) 2022. **Open Access** This article is licensed under a Creative Commons Attribution 4.0 International License, which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons licence, and indicate if changes were made. The images or other third party material in this article are included in the article's Creative Commons licence, unless indicated otherwise in a credit line to the material. If material is not included in the article's Creative Commons licence and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>.

delta-9-THC, the molecule that produces the experience of being high when ingesting cannabis (Qamar et al. 2021). Delta-8-THC differs in the molecular structure from delta-9-THC in the location of a double bond between carbon atoms 8 and 9 rather than carbon atoms 9 and 10 (Razdan 1984). Due to its altered structure, delta-8-THC has a lower affinity for the CB1 receptor and therefore has a lower psychotropic potency than delta-9-THC (Hollister and Gillespie 1973; Razdan 1984). Delta-8-THC is found naturally in Cannabis, though at substantially lower concentrations than delta-9-THC (Hively et al. 1966). It can also be synthesized from other cannabinoids (e.g., Hanuš and Krejčí 1975).

The 2018 Farm Bill did not specifically address delta-8-THC, but effectively legalized the sale of hemp-derived delta-8-THC products with no oversight. Its popularity grew dramatically in late 2020, gaining the attention of cannabis consumers and processors throughout the United States. As of early 2021, delta-8-THC is considered one of the fastest-growing segments of hemp derived products, with most states having access (Richtel 2021). Yet, little is known about experiences with delta-8-THC or effects in medical or recreational users (Hollister and Gillespie 1973; Razdan 1984).

In 1973, delta-8-THC and delta-9-THC were administered to six research participants. Despite the small sample size, researchers concluded that delta-8-THC was about two-thirds as potent as delta-9-THC and was qualitatively similar in experiential effects (Hollister and Gillespie 1973; Razdan 1984). In 1995, researchers gave delta-8-THC to eight pediatric cancer patients two hours before each chemotherapy session. Over the course of 8 months, none of these patients vomited following their cancer treatment. The researchers concluded that delta-8-THC was a more stable compound than the more well-studied delta-9-THC (Abrahamov et al. 1995, consistent with other findings (Zias et al. 1993), and suggested that delta-8-THC could be a better candidate than delta-9-THC for new therapeutics.

In recent months, 14 U.S. States have blocked the sale of delta-8-THC due to the lack of research into the compound's psychoactive effects (Sullivan 2021). All policies and practices, including those related to substance use and public health, should be informed by empirical evidence. The current study seeks to better understand the experiences of people who use delta-8-THC to inform policy discussions and provide directions for future systematic research. Because this is the first large survey of delta-8-THC consumers, we take an exploratory approach to describe experiences with delta-8-THC. We combine quantitative rating items with open-ended qualitative items enabling participants to provide feedback which is rich in content.

Methods

Procedures

We developed an anonymous Qualtrics online survey to assess experiences with delta-8-THC. Bison Botanics, a manufacturer of delta-8-THC and CBD products in New York State, distributed invitations to participate in the study via their social media accounts (Facebook, Instagram), via their email contact list, and via the Delta8 online discussion board (Subreddit) on [Reddit.com](https://www.reddit.com). The invitation read, "Are you a Delta-8-THC consumer? We've partnered with researchers at the University at Buffalo and the University of Michigan to learn more about experiences with delta-8-THC and its impact on public health and safety." Screening questions verified that participants were 18 years of age or older, were currently in the USA, and used or consumed products containing delta-8-THC. Surveys were completed between June 12 and August 2, 2021. Delta-8-THC products were sold legally in New York State until July 19, 2021.

Participants

Completed surveys ($N = 521$) were included for analyses, the completion rate was 74%. Participants were men (57%), women (41%), and individuals who reported another gender identity (2%). The mean age was 34 years old ($SD = 11$, range: 18–76). Participants had completed 15 years of education on average ($SD = 2$, range: 8–20), 17% were currently students. Participants identified (inclusively) as White/European American (90%), Hispanic/Latino (5%), Black/African American (3%), American Indian or Alaska Native (3%), Asian (3%), Native Hawaiian/Pacific Islander (1%), and Other (3%). Most (59%) participants provided ZIP Codes, which ranged across 38 U.S. States. The largest portion was from New York State (29%), all other states were below 10%. Nearly all these participants (90%) were in states where delta-9-THC Cannabis products were not yet commercially available for adult (i.e., "recreational") use.

Measures

Participants reported on the content of their experiences with delta-8-THC by rating its effects. The question stem read: "Please indicate how much you experience the following when you use delta-8-THC:" Specific aspects were altered sense of time; anxiety (unpleasant feelings, nervousness, worry); difficulty concentrating; difficulties with short-term memory; euphoria (pleasure, excitement, happiness); pain relief; paranoia (thinking that other people are out to get you, etc.); and relaxation. Response options were not at all, a little, a moderate amount, a lot, a and great deal.

Two items assessed participants' comparisons of experiences with delta-8-THC and delta-9-THC. The

first question read: “How does Delta-8-THC compare to Delta-9-THC in the *intensity or strength* of effects?” [emphasis in original]; with response options: Delta-8-THC is much more intense, Delta-8-THC is somewhat more intense, about the same, Delta-9-THC is somewhat more intense, Delta-9-THC is much more intense, do not know. The second question read: “How does Delta-8-THC compare to Delta-9-THC in the *duration or length* of effects?” [emphasis in original]; with response options: Delta-8-THC lasts a lot longer, Delta-8-THC lasts a little longer, about the same, Delta-9-THC lasts a little longer, Delta-9-THC lasts a lot longer, do not know.

Participants were asked the open-ended question, “Do you have any comments about how Delta-8-THC

compares to Delta-9-THC?” after the rating items. This item was followed by a brief demographic section assessing age, gender identity, education, ethnicity, and ZIP Code. At the end of the survey participants were asked: “Do you have any comments about these topics or this survey?” There were no restrictions on participants’ responses.

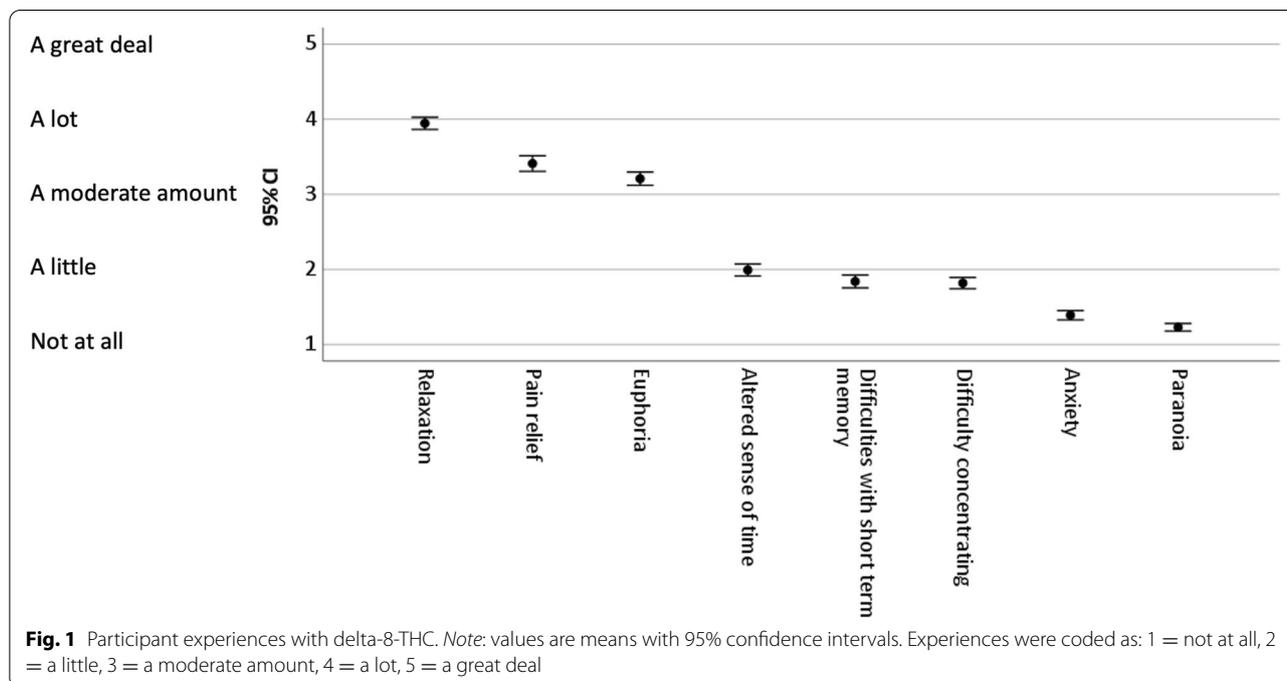
Analysis

Pairwise *t* tests compared ratings on delta-8-THC effect items; descriptive statistics, 95% confidence intervals, and effect sizes were calculated (see Table 1 and Fig. 1). Responses to items comparing delta-8-THC to delta-8-THC intensity and duration were

Table 1 Comparison of effects from Delta-8 THC with item descriptive statistics

Effect	M	SD	2	3	4	5	6	7	8
1. Relaxation	3.96	0.92	0.45	0.74	1.58	1.60	1.72	2.06	2.26
2. Pain relief	3.41	1.17	–	0.16	1.04	1.06	1.12	1.44	1.68
3. Euphoria	3.22	0.99	–	–	1.08	1.16	1.17	1.49	1.81
4. Altered sense of time	2.00	0.91	–	–	–	0.15	0.18	0.62	0.82
5. Difficulties with short-term memory	1.84	0.95	–	–	–	–	0.01*	0.44	0.62
6. Difficulty concentrating	1.83	0.85	–	–	–	–	–	0.49	0.67
7. Anxiety	1.38	0.70	–	–	–	–	–	–	.027
8. Paranoia	1.22	0.56	–	–	–	–	–	–	–

Note: Values in columns 2–8 indicate effect sizes for pairwise comparisons, *d* = .20 indicates a small effect, *d* = .50 indicates a medium effect, *d* = .80 indicates a large effect. * indicates *p* = .405, all other comparisons are *p* < .001



examined by one-sample *t* tests with a comparison value of 3 (“About the same”), effect sizes and 95% Confidence Intervals were calculated (see Fig. 2). Demographic comparisons were made for participants’ gender with between-subjects *t* tests, participants’ age with Pearson correlations, and participants’ educational levels with partial correlations controlling for age. Responses to open-ended questions were coded as a set to avoid the duplication of codes for the same participant (see Table 2). The coders have been trained in qualitative methods and an inductive coding method was used to create a codebook. After the first coder assigned the codes, a line-by-line coding was used to then categorize codes. To establish interrater reliability, two coders independently read participant responses and identified overall themes. Once general themes were established, the responses were coded for theme categories and subcategories. Coding discrepancies were resolved, coding omissions were eliminated by adding codes, although no previously identified themes were deleted. Instances of themes and subthemes were calculated across participants. Individual participants could express more than one subtheme within a thematic category.

Results

Participants mostly consumed delta-8-THC through edibles (64%; brownies, gummies, etc.), vaped concentrates (48%; hash, wax, dabs, oil, etc.), and tinctures (32%). Some participants consumed delta-8-THC through smoking concentrates (23%; hash, wax, dabs, oil, etc.), smoking bud or flower (18%), vaping bud or flower (9%), topical products (9%; lotion, cream, oil, patch on skin), capsules (6%), suppositories (1%), and other methods (1%). Most participants (83%) also reported consuming delta-9-THC cannabis and products and reported substitution for delta-9-THC (57%) and pharmaceutical drugs (59%).

Experiences with delta-8-THC were most prominently characterized by relaxation, pain relief, and euphoria (see Table 1 and Fig. 1). Participants reported modest levels of cognitive distortions such as an altered sense of time, difficulties with short-term memory, and difficulty concentrating. Participants reported low levels of distressing mental states (anxiety and paranoia). There were large statistical effect sizes in differences between items in the first set of experiences (relaxation, pain relief, and euphoria) and items in the second set (cognitive distortions), and medium statistical effect sizes in differences between cognitive distortions and anxiety and paranoia.

On average participants reported that the effects of delta-8-THC were less intense, $t(433) = 23.86, p < .001$,

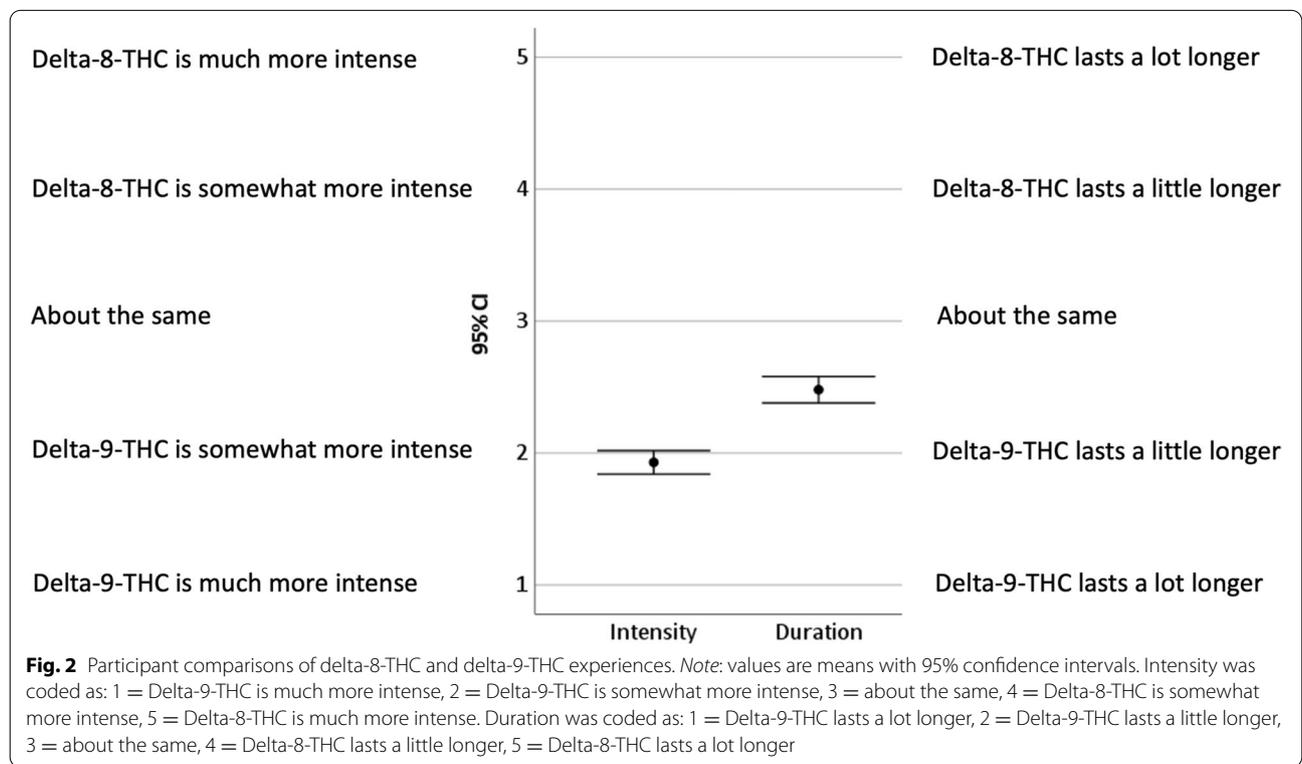


Table 2 Themes in responses to open-ended questions

Theme/subtheme	Count
Comparisons between Delta-8 THC and Delta-9 THC	239
Overall similarity of experience	38
Delta-8 THC is less intense or potent than Delta-9 THC	38
Delta-8 THC enables better mental clarity than Delta-9 THC	37
Delta-8 THC produces less anxiety than Delta-9 THC	28
Delta-8 THC produces less paranoia than Delta-9 THC	20
Delta-8 THC has a lower cost than Delta-9 THC	11
Delta-8 THC is more accessible than Delta-9 THC	7
Prefers Delta-8 THC	6
Delta-8 THC has a shorter duration of effect than Delta-9 THC	6
Delta-8 THC produces less sedation than Delta-9 THC	5
Can be more active and/or productive with Delta-8 THC	5
Prefers Delta-9 THC	4
Delta-8 THC is legal so no risk of arrest, job loss, etc.	3
Delta-8 THC is harsher on the lungs when inhaled	3
Delta-8 THC has better social acceptance	3
Delta-8 THC provides better pain relief	3
Delta-8 THC stimulated the appetite less than Delta-9 THC	3
Delta-8 THC generates fewer or no panic attacks	2
Delta-8 THC provides better relaxation	2
Delta-8 THC has lesser (unspecified) adverse effects	2
Therapeutic effect or benefit from Delta-8 THC	62
Relaxation	15
Pain relief	9
Anxiety	9
Sleep aid	6
Maintaining a positive mood	4
Post-traumatic stress disorder (PTSD)	3
Depression	3
Migraines	2
Increasing appetite	2
Comments on the study or researchers	33
Praise for the researchers for conducting a study on Delta-8	22
Feedback and suggestions on the survey content or features	9
Criticism of study design	2
Expressions of concern	22
Concern for continued legal access to Delta-8 THC	17
Concern for the purity of the product	3
General expressions of praise for Delta-8 THC	19
Substitution of Delta-8 THC for other substances	17
Cannabis and cannabis products containing Delta-9 THC	6
Comparisons between Delta-8 THC and pharmaceutical drugs	11
Delta-8 THC is better at pain relief	3
Dual use of Delta-8 THC and Delta-9 THC	8
Delta-8 THC is for working and being active and Delta-9 THC is for fun, relaxation, and recreation	5
Adverse effects of Delta-8 THC	6
Anxiety (at high doses)	2
Headache	2
Other comments	25

Table 2 (continued)

Theme/subtheme	Count
Delta-8 THC Edibles or tinctures are more potent than vaping	7
Building tolerance to Delta-8 THC	3
Biochemistry of Delta-8 THC	2
Delta-8 THC is more for medical use than recreational use	2
Recreational use of Delta-8 THC	2
Delta-8 THC is better than alcohol	2
Does not like Delta-8 THC	2

See Supplementary Table S1 for unique responses

$d = 1.15$, and had a shorter duration, $t(421) = 10.08$, $p < .001$, $d = 0.49$, than the effects of delta-9-THC (see Fig. 2). Proportionally, participants reported the intensity of effect as much more with delta-9-THC (36%), somewhat more with delta-9-THC (44%), about the same (15%), somewhat more with delta-8-THC (4%), and much more with delta-8-THC (2%). Proportionally, participants reported the duration of effect as much more with delta-9-THC (20%), somewhat more with delta-9-THC (27%), about the same (41%), somewhat more with delta-8-THC (8%), and much more with delta-8-THC (5%).

Demographic analyses indicated that women perceived delta-8-THC effects to be somewhat more intense, $t(420) = 3.55$, $p < .001$, $d = 0.36$, and longer lasting, $t(408) = 3.45$, $p < .001$, $d = 0.36$, compared to delta-9-THC than did men. Older individuals perceived delta-8-THC effects to be somewhat more intense, $r(429) = .141$, $p = .003$, and longer lasting, $r(418) = .293$, $p < .001$, compared to delta-9-THC than younger individuals. Controlling for age, those completing more years of education perceived delta-8-THC effects to be somewhat more intense, $r(383) = .158$, $p = .003$, and longer lasting, $r(383) = .139$, $p = .006$, compared to delta-9-THC than those with less education.

Participants ($n = 204$) provided text responses in one or both open-ended questions (see Table 2 and S1). The most common theme was comparisons between delta-8-THC and delta-9-THC. Participants' responses containing this theme included: "Delta 8 feels like Delta 9's nicer younger sibling"; "It has all the positives and many fewer drawbacks/side effects. It is less impairing and much less likely to cause anxiety or paranoia. It has much milder to nonexistent aftereffects"; "Delta 8 is not as heavy as Delta 9. With Delta 8, I am able to perform my normal day to day activities, i.e., no couch lock, paranoia, munchies. I am able to function well at work under the influence of Delta 8 whereas under the influence on Delta 9 at work, I am paranoid and feel less motivated to do work activities. Delta 8 has more of just a euphoria feeling than any other feeling for me. I want to do activities and I want to have a

pleasurable time. Whereas if I have too much of Delta 9, all I want to do is watch TV, eat snacks, distance myself from the outside world. Delta 9 is better for sleep.”

The second most common theme was the therapeutic effect or benefit from delta-8-THC, participants’ responses containing this theme included: “It is like “lite” Delta 9. I can focus and work more with Delta 8 than Delta 9. It helps my pains and relaxation and I feel more able. Depending on the strain it has taken the place of melatonin for sleep.”; “As with any newer drug with limited study, care should be taken with its use. But I’ve personally found it immensely useful and therapeutic, with management of anxiety and sleep issues. Which nothing but far more addictive drugs (regarding anxiolytics), have helped with in the past. I hope lots more studies will be able to be done.”; “Delta-9 I pretty regularly experience panic attacks. Delta-8 I do not and it relieves symptoms of PTSD and anxiety pretty quickly.” The third most common theme was comments on the study or researchers. Some examples of this praise are “I’m glad that there’s more academic research being done on the subject, thank you for doing it” and “Keep up the good work. Need more studies and information on cannabinoids.”

The fourth most common theme was expressions of concern, particularly for continued legal access to delta-8-THC. Participants’ responses containing this theme included: “D8 is Great for daytime relief when you need to get stuff done. It has helped me a lot! I HOPE THEY DON’T BAN IT!”; “I feel that delta-8-THC is a very effective alternative to delta-9-THC with less side effects. I primarily consume it in combination with high CBD or CBG hemp. I do wish there was regulation purely for safety concerns; more reliable lab testing, testing specifically for solvents and reagents used in delta-8-THC production, etc. But I do fear that harsh regulation may get in the way of a wonderful substance that could improve the lives of many people. I hope against hope that a fear mongering campaign doesn’t put an end to the golden age of D8 that we are currently experiencing.”

The fifth most common theme was general expressions of praise for delta-8-THC. Many participants had similar statements such as “Delta 8 is a great thing. It needs to stay accessible and affordable for the people that can really benefit.” The sixth most common theme was substitution of delta-8-THC for other substances. One participant stated: “The therapeutic and medicinal effects of Delta 8 have significantly improved my life, treating pain and sleeplessness while not making me feel the high I get from Delta 9. I have stopped taking pharmaceutical drugs and my health and wellbeing has improved.”

The seventh most common theme was the dual use of delta-8-THC and delta-9-THC. One representative comment was: “It seems a lot more of a ‘functional’ high, at

my job we call it work-weed. I get too much anxiety to effectively deal with customers on Delta 9, Delta 8 is just about perfect for when you gotta actually do things. I still do prefer Delta-9 after a long day though.” The eighth most common theme was adverse effects of delta-8-THC, for example: “I love Delta 8 because I do not need to take it daily. I’ve never had withdrawals when I did not take it. What I dislike about Delta 8 is the feeling of always being cold. I did read the dosage had something to do with this but unfortunately even reducing the dosage gave me the same result.” Participants also made comments that did not fit into the major themes. The most frequent of these comments was that delta-8-THC edibles or tinctures were more powerful than when delta-8-THC was inhaled as a vape: “How Delta 8 is consumed plays a large role in the effects, when eaten or taken in a tincture it feels much closer to Delta 9 in effects compared to when vaping/dabbing Delta 8.”

Discussion

Participants’ reports were overall supportive of the use of delta-8-THC. Comparisons reveal that delta-8-THC experiences are primarily characterized by beneficial effects and are low in potentially adverse effects associated with cannabis use. Experiences of relaxation, pain relief, and euphoria were the most prominent, characterized as between “a moderate amount” and “a lot” on average. Participants reported “a little” of the cognitive distortions associated with delta-9-THC and cannabis use in general. Experiences such as an alerted sense of time, difficulties with short-term memory, and difficulty concentrating may not be problematic for consumers in certain contexts (e.g., relaxation and socialization), however they may in others (e.g., operating a motor vehicle). Paranoia and anxiety are distressing mental states that may result from delta-9-THC ingestion (Freeman et al. 2015). On average, participants’ experiences of paranoia and anxiety were between “not at all” and “a little.” Experiences with delta-8-THC were characterized as less intense and with somewhat shorter duration than those with delta-9-THC.

Participant reports included a wealth of other information that can inform hypothesis testing and research questions in future studies. For example, it would be valuable to conduct systematic studies comparing experiences of delta-8-THC with delta-9-THC and pharmaceutical drugs. Participants viewed delta-8-THC experiences favorably in comparison, and most participants reported substitution of delta-8-THC for both delta-9-THC and pharmaceutical drugs, consistent with comparisons and substitutions of pharmaceuticals with cannabis products in general (Kruger and Kruger 2019; Lucas et al. 2016; Reiman et al. 2017). Participants reported being more

active and productive with delta-8-THC than with delta-9-THC, and some suggested that delta-8-THC was more purely therapeutic than delta-9-THC. Participants also reported notable adverse experiences with delta-8-THC, most commonly that Delta-8-THC is harsher on the lungs than delta-9-THC when inhaled.

Some of the variation in experiences across individuals is likely due to inconsistencies in the products consumed, particularly in dosage, administration method, and impurities. Manufacturers have adjusted for the lower potency of delta-8-THC by increasing the dosage (e.g., 25 mg in edibles) relative to similar delta-9-THC products (where one dose has been defined as 10 mg) (Sideris et al. 2018; State of California Senate 2017). The US Cannabis Council tested 16 samples of non-cannabis-based products featuring delta-8-THC in April 2021 and found delta-9-THC levels ranging from 1.3 to 5.3% (well above the 0.3% level allowed in the 2018 Farm Bill), as well as heavy metals and unknown compounds in some of the samples (US Cannabis Council 2021). It is possible that substances other than Delta-8-THC contributed to both beneficial and adverse experiences in user reports.

Policy considerations

The 2018 Farm Bill (U.S. Agriculture Improvement Act of 2018) created a legal loophole for the sale of hemp-derived delta-8-THC products in areas without legal adult use (i.e., recreational) and where the medical use of cannabis and cannabis products containing delta-9-THC requires medical authorization. Manufacturing and sales of delta-8-THC products skyrocketed due to greater accessibility to fulfill market demand. Yet, some states have made Delta-8-THC sales illegal. Paradoxically, of these 14 states, 6 states allow recreational delta-9-THC cannabis, 10 allow for medical delta-9-THC cannabis, and 3 have decriminalized recreational use of delta-9-THC cannabis.

The current study provides empirical evidence to inform discussions of delta-8-THC-related policies and practices. More research is needed to isolate the psychoactive effects of delta-8-THC and its possible therapeutic benefits, comparisons with pharmaceutical drugs and other cannabinoids, as well as risks and adverse effects. Such studies currently face considerable legal barriers, such as the Schedule I status of delta-9-THC. Banning delta-8-THC products while allowing the sale of delta-9-THC products seems inconsistent both in cannabis policy and in relation to our study results. Current results suggest that delta-8-THC products have therapeutic benefits and typical administration routes (consumption as an edible, tincture, or by vaping) may produce less harm than smoking cannabis flower. Vaping is considered a harm reduction solution (Fischer et al. 2017).

Harm reduction is a set of practical strategies and ideas aimed at reducing negative consequences associated with drug use (Marlatt et al. 2011). It is also a movement for social justice built on a belief in, and respect for, the rights of people who use drugs. Harm reduction has been widely used with various other substances, such as opioids (Rouhani et al. 2019), alcohol (Marlatt et al. 2011), and tobacco (Parascandola 2011). Interventions based on harm reduction principles have been successful in reducing risk behaviors related to cannabis use, for example driving while under the influence of cannabis (Poulin and Nicholson 2005). Although our results are largely descriptive, we provide an initial encouraging assessment of the suitability of the use of delta-8-THC as a possible harm reduction practice.

The U.S. Food and Drug Administration (FDA) has recommended collaborative research partnerships among academic researchers, government officials, and representatives from the cannabis industry to inform public health decisions related to cannabidiol (CBD), another cannabinoid with rapidly growing use (Hahn 2021). Similar research collaborations may accelerate the generation of knowledge regarding delta-8-THC and other cannabinoids.

Limitations

This study compiled the self-reported experiences of delta-8-THC consumers. The patterns of experiences reported here require verification with carefully controlled studies, such as double-blind and randomized studies for comparisons of delta-8-THC with delta-9-THC and pharmaceutical drugs. The current study assessed participants' naturalistic experiences, rather than experiences with a specific delta-8-THC product. Participants were recruited through the social networks of a delta-8-THC and CBD product manufacturer and a delta-8-THC social media interest group. Participant reports may be more enthusiastic than those of a randomly selected population-representative sample.

Conclusions

Delta-8-THC products may provide much of the experiential and therapeutic benefits of delta-9-THC with lower risks and lesser adverse effects. Substitution of delta-8-THC for delta-9-THC may be consistent with harm reduction, one of the core principles of Public Health. The current study provided a broad descriptive assessment of self-reported experiences with delta-8-THC. Further systematic research will be critical in verifying the favorable reports of delta-8-THC consumers.

Abbreviations

THC: Tetrahydrocannabinol; CBD: Cannabidiol; NASEM: National Academies of Sciences, Engineering, and Medicine; U.S.: United States; PTSD: Post-traumatic stress disorder.

Supplementary Information

The online version contains supplementary material available at <https://doi.org/10.1186/s42238-021-00115-8>.

Additional file 1: Table S1. Unique themes in responses to open-ended questions.

Acknowledgements

We thank Bison Botanics and survey participants for their assistance with this project.

Authors' contributions

All authors read and approved the final manuscript.

Funding

Not applicable.

Availability of data and materials

The dataset used and analyzed for the current study are available from the corresponding author on reasonable request.

Declarations

Ethics approval and consent to participate

This study was approved by the Institutional Review Board for Health Sciences and Behavioral Sciences at the University of Michigan prior to data collection. Participants indicated their consent by completing the survey after viewing the informed consent form.

Consent for publication

All authors approved the submitted manuscript.

Competing interests

The authors declare that they have no competing interests.

Author details

¹Department of Community Health and Health Behavior, University at Buffalo, SUNY, 319 Kimball Tower, Buffalo, NY, USA. ²Population Studies Center, Institute for Social Research, University of Michigan, 426 Thompson St, Ann Arbor, MI, USA.

Received: 27 August 2021 Accepted: 15 December 2021

Published online: 04 January 2022

References

- Abrahamov A, Abrahamov A, Mechoulam R. An efficient new cannabinoid antiemetic in pediatric oncology. *Life Sci*. 1995;56(23-24):2097–102. [https://doi.org/10.1016/0024-3205\(95\)00194-b](https://doi.org/10.1016/0024-3205(95)00194-b).
- Fischer B, Russell C, Sabioni P, Van Den Brink W, Le Foll B, Hall W, et al. Lower-risk cannabis use guidelines: a comprehensive update of evidence and recommendations. *Am J Public Health*. 2017;107:e1–e12.
- Freeman D, Dunn G, Murray RM, Evans N, Lister R, Antley A, Slater M, Godlewska B, Cornish R, Williams J, Di Simplicio M. How cannabis causes paranoia: using the intravenous administration of Δ^9 -tetrahydrocannabinol (THC) to identify key cognitive mechanisms leading to paranoia. *Schizophrenia bulletin*. 2015;41(2):391–9.
- Hahn SM. Better data for a better understanding of the use and safety profile of cannabidiol (CBD) products. 2021. <https://www.fda.gov/news-events/fda-voices/better-data-better-understanding-use-and-safety-profile-cannabidiol-cbd-products>. Accessed 01 Jul 2021.
- Hanuš L, Krejčí Z. Isolation of two new cannabinoid acids from *Cannabis sativa* L. of Czechoslovak origin. *Acta Univ Olomuc, Fac Med*. 1975;74:161–6.
- Hively RL, Mosher WA, Hoffmann FW. Isolation of trans-delta-tetrahydrocannabinol from marijuana. *J Am Chem Soc*. 1966;88(8):1832–3.
- Hollister LE, Gillespie HK. Delta-8-and Delta-9-tetrahydrocannabinol; Comparison in man by oral and intravenous administration. *Clin Pharm*. 1973;14(3):353–7.
- Kruger DJ, Kruger JS. Medical cannabis users' comparisons between medical cannabis and mainstream medicine. *J Psychoactive Drugs*. 2019;51:31–6.
- Lucas P, Walsh Z, Crosby K, et al. Substituting cannabis for prescription drugs, alcohol and other substances among medical cannabis patients: the impact of contextual factors. *Drug Alcohol Rev*. 2016;35:326–33.
- Marlatt GA, Larimer ME, Witkiewitz K. Harm reduction: Pragmatic strategies for managing high-risk behaviors: Guilford Press; 2011.
- Parascandola M. Tobacco harm reduction and the evolution of nicotine dependence. *Am J Public Health*. 2011;101(4):632–41.
- Poulin C, Nicholson J. Should harm minimization as an approach to adolescent substance use be embraced by junior and senior high schools?: Empirical evidence from An integrated school-and community-based demonstration intervention addressing drug use among adolescents. *Int J Drug Policy*. 2005;16(6):403–14.
- Qamar S, Manrique YJ, Parekh HS, Falconer JR. Development and optimization of supercritical fluid extraction setup leading to quantification of 11 cannabinoids derived from medicinal cannabis. *Biology*. 2021;10(6):481 <https://www.mdpi.com/2079-7737/10/6/481>.
- Razdan RK. Chemistry and structure-activity relationships of cannabinoids: an overview. In: Agurell S, Dewey WL, Willette RE, editors. *The Cannabinoids: Chemical, Pharmacologic, and Therapeutic Aspects*: Academic Press; 1984. p. 63–78.
- Reiman A, Welty M, Solomon P. Cannabis as a substitute for opioid-based pain medication: patient self-report. *Cannabis Cannabinoid Res*. 2017;2:160–6.
- Richtel M. This drug gets you high, and is legal (maybe) across the country, vol. 2021: The New York Times; 2021.
- Rouhani S, Park JN, Morales KB, Green TC, Sherman SG. Harm reduction measures employed by people using opioids with suspected fentanyl exposure in Boston, Baltimore, and Providence. *Harm Reduct J*. 2019;16(1):1–9.
- Sideris A, Kha F, Boltunova A, Cuff G, Gharibo C, Doan LV. New York physicians' perspectives and knowledge of the State Medical Marijuana Program. *Cannabis Cannabinoid Res*. 2018;3:74–84.
- State of California Senate. SB-94 cannabis: medicinal and adult use. Legislative Counsel's Digest. 2017. https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=2017201805B94. Accessed 01 Jul 2021.
- Sullivan K. Delta-8 THC is legal in many states, but some want to ban it: NBC News; 2021. Accessed 01 Jul 2021
- US Cannabis Council (2021). The unregulated distribution and sale of consumer products marketed as Delta-8 THC. <https://irp.cdn-website.com/6531d7ca/files/uploaded/USCC%20Delta-8%20Kit.pdf>. Accessed 01 Jul 2021
- Zias J, Stark H, Sellgman J, Levy R, Werker E, Breuer A, et al. 1993 Early medical use of cannabis. *Nature*. 1993;363(6426):215. <https://doi.org/10.1038/363215a0> PMID: 8387642.

Publisher's Note

Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.



Clinical Interpretation of Urine Drug Tests: What Clinicians Need to Know About Urine Drug Screens

Karen E. Moeller, PharmD, BCPP; Julie C. Kissack, PharmD, BCPP; Rabia S. Atayee, PharmD, BCPS; and Kelly C. Lee, PharmD, MAS, BCPP

Abstract

Urine drug testing is frequently used in clinical, employment, educational, and legal settings and misinterpretation of test results can result in significant adverse consequences for the individual who is being tested. Advances in drug testing technology combined with a rise in the number of novel misused substances present challenges to clinicians to appropriately interpret urine drug test results. Authors searched PubMed and Google Scholar to identify published literature written in English between 1946 and 2016, using *urine drug test*, *screen*, *false-positive*, *false-negative*, *abuse*, and individual drugs of abuse as key words. Cited references were also used to identify the relevant literature. In this report, we review technical information related to detection methods of urine drug tests that are commonly used and provide an overview of false-positive/false-negative data for commonly misused substances in the following categories: cannabinoids, central nervous system (CNS) depressants, CNS stimulants, hallucinogens, designer drugs, and herbal drugs of abuse. We also present brief discussions of alcohol and tricyclic antidepressants as related to urine drug tests, for completeness. The goal of this review was to provide a useful tool for clinicians when interpreting urine drug test results and making appropriate clinical decisions on the basis of the information presented.

© 2016 Mayo Foundation for Medical Education and Research ■ Mayo Clin Proc. 2017;92(5):774-796

From the University of Kansas School of Pharmacy, Lawrence, KS (K.E.M.); Harding University College of Pharmacy, Searcy, AR (J.C.K.); and UCSD Skaggs School of Pharmacy and Pharmaceutical Sciences, La Jolla, CA (R.S.A., K.C.L.).

There have been increased concerns regarding the nonmedical use of prescribed drugs and rising trends in illicit drug use and dependence. In 2014, it was estimated that 27 million Americans aged 12 years and older (representing 10.2% of the population) have used illicit drugs in the past month; this is compared with 7.9% in 2004.¹ Urine drug testing is routinely used in clinical practice to rule out substance-induced disorders, confirm medication adherence, and identify substances in overdose situations. Employers and courts also perform drug tests to screen for illicit drug use. Despite the widespread use of urine drug tests (UDTs), there is little published information on how to correctly interpret the results of these tests. Incorrect interpretation of test results (false-positive or false-negative) can have significant consequences (eg, loss of job and incarceration). Unfortunately, there is evidence that there is a deficiency in clinician's knowledge about accurate UDT

interpretation.^{2,3} Regular use of UDT did not correlate with increased knowledge; therefore, the need for clinician education may be widespread.

The goal of this review was to provide an updated guide for clinicians that includes recent reports of agents that may cause false-positive results on common UDT immunoassays. We also expanded information on marijuana on the basis of recent legislative trends and included information on synthetic cathinones and cannabinoids. Our ultimate goal was to provide a concise reference that can be used in everyday practice by clinicians to accurately interpret UDT results that lead to appropriate therapeutic decisions.

LITERATURE SEARCH

Authors searched PubMed and Google Scholar to identify published literature between 1946 and 2016, using the following key words: *urine drug test*, *screen*, *false-positive*, *false-negative*, and *abuse*. In addition, individual drugs

of abuse discussed in the article were also used as key words. For completeness, we also identified relevant cited references in the initially identified publications. Publications that discussed urinary testing of substances in humans or human samples only were selected.

METHODS OF DRUG TESTING

Drug testing can be completed on various biological specimens including urine, blood, hair, saliva, sweat, nails (toe and finger), and meconium. Urine is the most commonly obtained specimen for drug testing due to its noninvasive route and ease of sample collection. Both parent drug and metabolites may be detected in urine specimens and are usually in higher concentrations than in blood or serum samples. Drug detection times are longer in urine (ie, 1 day up to several weeks) than in blood or serum samples.⁴

There are 2 main types of UDTs, screening and confirmatory tests. Initial drug tests or screens are performed using immunoassay technology and are conducted in the laboratory or onsite with point-of-care testing (POCT). Immunoassays allow for a large number of specimen screens to be completed and provide relatively rapid results.⁵ Three main types of immunoassays are available: (1) enzyme-multiplied immunoassay technique, (2) enzyme-linked immunosorbent assay (ELISA), and (3) fluorescence polarization immunoassay. In general, immunoassays use antibodies to detect the presence of drug metabolites or classes of drug metabolites in the urine. Unfortunately, immunoassays will detect substances with similar characteristics, resulting in cross-reactivity leading to false-positive results.

An increasing trend, especially in pain management clinics and with clinicians treating patients with substance use disorders, is POCT in the office setting. It allows for immediate results onsite, allowing the clinician to discuss results with the patient in real time. These POCTs should be cleared by the Food and Drug Administration (FDA) and are usually waived by Clinical Laboratory Improvement Amendments. Visual analysis of the test result provides interpretation of the outcomes. At times, results may be difficult to read (eg, faint color and uncertain color), leading to subjective interpretation.⁶ In addition, POCT

ARTICLE HIGHLIGHTS

- Immunoassays have many weaknesses that can result in false-positive and false-negative results. Understanding how to interpret urine immunoassays (eg, cutoff values, detection times, and false-positive results) is vital when ordering.
- All positive results on immunoassays need confirmatory testing (eg, gas chromatography/mass spectrometry).
- Testing for designer drugs (eg, synthetic cathinones and cannabinoids) is challenging secondary to continual changes in synthetic compounds and increasing number of novel substances.

has the same limitations as laboratory-based immunoassays and results should be used only to screen for a substance. Consumers who purchase POCT kits are cautioned against interpreting any positive preliminary results and confirmatory testing by a professional is recommended.

All initial testing conducted with immunoassays need to be considered presumptive, and clinicians need to use clinical judgment, patient history, and collaborative information to decide whether confirmatory testing is necessary for optimal patient care. Gas chromatography/mass spectrometry (GC-MS) is considered the criterion standard in confirmatory testing and can identify specific molecular structures and quantifies the amount of a drug or substance present in the sample.⁴ The GC-MS assessments must be conducted by highly trained personnel, are time-consuming and costly, and thus are reserved for confirming positive drug screens. Liquid chromatography/tandem mass spectrometry (LC-MS/MS) offers an alternative to GC-MS for confirmatory testing and may be more time-efficient. Confirmatory testing should always be conducted when making legal, forensic, academic, employment, or other decisions that have significant sequelae.

Cutoff Levels

Cutoff values for UDT define the concentrations needed to produce positive results for immunoassays and confirmation testing on GC-MS or LC-MS/MS. Cutoff levels were established to help minimize false-positive

results especially in workplace drug testing (eg, passive inhalation of marijuana causing positive results; poppy seeds ingestion causing positive opiate results). Results lower than the established cutoff values are reported as negative. Therefore, a negative result does not indicate that a substance is not present, but that the concentration was lower than the established cutoff concentration. Table 1 displays the federal mandated cutoff levels for the workplace developed by the Department of Health and Human Services.⁷ Although clinicians should be aware of federal cutoff values for substances of abuse, they should recognize that the federal cutoff concentrations were established for use in the workplace in which higher cutoff concentrations may be necessary to avoid false-positive results.⁴ However, in medical practice, lower cutoff values may be necessary particularly when testing for medication adherence. Clinical laboratories may use cutoff levels that are different from federal guidelines; thus, it is important that practitioners are aware of the values when interpreting results. In addition, clinicians may need to request a lower cutoff value to be used to minimize false-negative results; however, this may increase the rate of false-positive results. Furthermore, cutoff values were established for the adult population. Lower cutoff values may be necessary for infants due to a more

dilute urine.⁸ Urine osmolality tends to reach adult values after age 2 years.

Detection Times

Detection time or window is the amount of time a drug can be detected in the urine and still produce a positive result. To evaluate detection times of a drug or substance, both drug characteristics and patient factors need to be considered. Drug characteristics include half-life, drug metabolites, drug interactions, dosing intervals, low versus high dosage, chronic versus occasional use, and time of last ingestion. Patient factors that also can affect detection times include body mass, pH of the urine, urine concentration, and renal or liver impairment. Table 2 reports standard detection times for drugs routinely detected in the urine.⁹⁻¹⁷

EVALUATION OF A URINE SAMPLE

People misusing drugs commonly use various methods (eg, adulteration, urine substitution, diluting urine) to avoid detection. A basic understanding of urine specimen characteristics is helpful to the clinician when evaluating drug screen results.

Normal urine ranges from pale yellow to clear depending on its concentration. Specimens collected in the early morning have the highest concentration and therefore will

TABLE 1. Federal Workplace Cutoff Values^{a,7}

Initial test analyte	Initial drug test level (immunoassay) (ng/mL)	Confirmatory test analyte	Confirmatory drug test level (GC-MS) (ng/mL)
Marijuana metabolites	50	Delta-9-tetrahydrocannabinol-9-carboxylic acid	15
Cocaine metabolites	150	Benzoyllecgonine	100
Opiate metabolites			
Codeine/morphine ^b	2000	Codeine/morphine	2000
6-Acetylmorphine	10	6-Acetylmorphine	10
Phencyclidine	25	Phencyclidine	25
Amphetamine/methamphetamine ^c	500	Amphetamine	250
		Methamphetamine ^d	250
MDMA	500	MDMA	250
		MDA	250
		MDEA	250

^aMDA = methylenedioxyamphetamine; MDMA = methylenedioxymethamphetamine; MDEA = methylenedioxyethylamphetamine.

^bMorphine is the target analyte for codeine/morphine testing.

^cMethamphetamine is the target analyte for amphetamine/methamphetamine testing.

^dSpecimen must also contain amphetamine at a concentration greater than or equal to 100 ng/mL.

TABLE 2. Approximate Drug Detection Time in the Urine⁹⁻¹⁷

Drug	Length of time detected in urine
Alcohol	7-12 h
Amphetamine	48 h
Methamphetamine	48 h
Barbiturate	
Short-acting (eg, pentobarbital)	24 h
Long-acting (eg, phenobarbital)	3 wk
Benzodiazepine	
Short-acting (eg, lorazepam)	3 d
Long-acting (eg, diazepam)	30 d
Cocaine metabolites	2-4 d
Marijuana	
Single use	3 d
Moderate use (4 times/wk)	5-7 d
Chronic use (daily)	10-15 d
Chronic heavy smoker	>30 d
Opioids	
Codeine	48 h
Heroin (morphine)	48 h
Hydromorphone	2-4 d
Methadone	3 d
Morphine	48-72 h
Oxycodone	2-4 d
Phencyclidine	8 d
Synthetic cannabinoids	
Single use	72 h
Chronic use	>72 h
Synthetic cathinone	Variable

Adapted from *Mayo Clin Proc*, with permission.¹²

contain higher levels of the drug.¹⁰ The temperature of the urine sample should be recorded within the first 4 minutes after collection and is usually between 90°F and 100°F.¹⁸ Urine specimen temperature may stay at 90.5°F for up to 15 minutes. Although urine pH fluctuates throughout the day, it generally ranges between 4.5 and 8. Specific gravity normally ranges between 1.002 and 1.030. In normal human urine, creatinine concentrations should be greater than 20 mg/dL. Urine specimens that are of unusual color or that are outside the normal parameters for human urine may be due to medications, foods, or disease states (diuretics, strict vegetarian diet, high state of hydration).¹⁹ It is imperative that documentation of these factors is included and be considered when the clinician is interpreting urine drug screen results.

Adulteration or dilution of the urine specimen should be suspected if the pH is less than 3 or greater than 11 or the specific gravity is less than 1.002 or greater than 1.030.¹⁸ Urinary creatinine concentrations less than 20 mg/dL are indicative of dilute urine, whereas those less than 5 mg/dL combined with a specific gravity of less than 1.001 are not consistent with human urine.¹⁰ Urine specimens outside of these ranges are due to adulterations or dilution attempts. Urine specimens adulterated with soap may also produce excessive bubble formation that is long lasting.²⁰ If the urine specimen appears to be adulterated or diluted, the second specimen for evaluation should be collected under observation.

Adulterants that have been used to mask a person's use of a substance include household items such as table salt, laundry bleach, toilet bowl cleaner, vinegar, lemon juice, ammonia, or eye drops. Several select commercial adulterants containing glutaraldehyde (Clean X), sodium or potassium nitrite (Klear, Whizzies), pyridinium chlorochromate (Urine Luck), and peroxide/peroxidase (Stealth) are used to mask drug use.²¹ Most household adulterants, except for eyedrops, can be detected by routine integrity (ie, temperature, pH, specific gravity) measurements.²² Commercial adulterants may mask the presence of drugs or their metabolites. Several dipstick tests (ie, Adulta-Check 4, AdultaCheck 6, Intect 7) are available for specimen integrity validation.²²

SPECIFIC DRUGS TESTED IN THE URINE

Determining which drug to test for in a UDT panel depends on the clinical setting. Most panels include the 5 drugs required by federal workplace guidelines, which include amphetamines, cocaine, marijuana, opiates, and phencyclidine.⁷ Benzodiazepines are commonly included in most UDTs. Clinicians working with patients with pain disorders should consider additional testing for semisynthetic (eg, oxycodone) and synthetic opioids (eg, fentanyl and methadone) (Table 3).⁴ Mass-spectrometry-based definitive laboratory testing should be considered once to twice per year on the basis of the risk of assessment.²³ Below, we discuss common drugs of abuse encountered in the clinical setting and common false-positives and false-negatives with each

TABLE 3. Classification of Opioids⁴

Derivation	Opioid
From opium	Codeine, morphine, opium, thebaine
Semisynthetic	Buprenorphine, dihydrocodeine, heroin, hydrocodone, hydromorphone, levorphanol, oxycodone, oxymorphone
Synthetic	Fentanyl, meperidine, methadone, tramadol

screening test (Table 4).^{12,17,18,24-112} The importance of confirmatory testing is emphasized to ensure an accurate and reliable UDT result.

Cannabinoids

Cannabis or marijuana generally refers to any part of the *Cannabis* plant and has been used throughout history for textiles, fuels, and medicines and for its euphoric effects.¹¹ The *Cannabis* plant contains approximately 460 active chemicals with more than 60 chemicals classified as cannabinoids. Delta-9-tetrahydrocannabinol (THC) is considered the primary active chemical responsible for marijuana's medicinal and psychoactive effects.

Currently, marijuana is the most widely used "illicit" substance in the United States, with almost 20 million Americans 12 years or older using marijuana in 2013.¹¹³ Smoking or inhaling marijuana through cigarettes, cigars, water pipes, or vaporization is the most common route of administration primarily due to its rapid effects and ability to deliver high concentrations of the drug into the bloodstream.¹¹⁴ Some users prefer the oral route of administration by mixing marijuana's oil base extract (hash oil) into common foods such as desserts, candies, or sodas.

Although illegal by the federal government, as of November 2016, 28 states plus the District of Columbia have approved marijuana use for medical purposes, and 8 states including the District of Columbia have approved marijuana for recreational use.^{115,116} With state legalizations, it is important that clinicians inquire about medical and recreational marijuana use when ordering a drug screen to help with interpretation. It is important for users of medical or recreational marijuana to be aware that although approved

by their state government, other entities (eg, federal systems, workplace, criminal justice systems, and schools) may still require a negative drug test result for marijuana. Furthermore, clinicians need to consider unintentional ingestion of marijuana especially in the presence of unexplainable neurologic conditions and food-borne illness. Both adults and children are susceptible to accidental ingestion of marijuana, especially through unlabeled food products.¹¹⁷ Children may experience more profound effects due to the edibles containing unverified dosages, and adults who have never used illicit drugs may experience more adverse effects. Reports of accidental ingestions have increased markedly since the legalization of marijuana in various states, and clinicians need to consider ordering a UDT for THC when necessary.

Urine drug testing for marijuana is based on THC's main metabolite 11-nor-delta-9-tetrahydrocannabinol-9-carboxylic acid.^{7,118} Initial testing through immunoassay is sensitive to several THC metabolites and the federal cutoff level is 50 ng/mL although some laboratories may use a lower cutoff level of 20 ng/mL.⁷ Confirmation testing via GC-MS or LC-MS/MS is specific for 9-tetrahydrocannabinol-9-carboxylic acid, allowing for a lower federal cutoff concentration of 15 ng/mL.^{7,118}

Estimating the detection time for marijuana in the urine is multifaceted. Factors that influence detection of marijuana include route of administration, dosage and potency of marijuana, frequency of use, body mass, and one's metabolic rate. Cannabinoids are highly lipophilic and are extensively stored in lipid compartments throughout the body. Chronic use of marijuana will result in accumulation of THC in fatty tissues, resulting in slow elimination rates of marijuana metabolites.¹¹⁸ Detection of marijuana can occur in the urine for greater than 30 days after cessation among chronic users,^{118,119} whereas single exposure to marijuana in nonusers typically can be detected in the urine only up to 72 hours.¹²⁰

A practical challenge with UDT for marijuana is determining acute versus chronic marijuana use. Researchers have looked at quantifying the glucuronide conjugates of THC and 11-OH-THC (using *Escherichia coli* β -glucosidase hydrolysis) as biomarkers for recent (<8 hours) marijuana consumption.^{121,122}

However, Lowe et al¹²¹ found concentrations in the urine up to 24 days after cessation in a chronic heavy user, refuting the effectiveness of these biomarkers. With respect to driving under the influence, most states rely on blood levels to determine impairment.¹²³ However, blood concentrations can rapidly decline within the first hour because of rapid distribution into fat stores and first-pass hepatic metabolism.¹²⁴ In addition, Bergamaschi et al¹²⁵ found detectable THC concentrations in the blood after 30 days in 5 patients.

There are 2 FDA-approved prescription medication forms of THC. Dronabinol, a synthetic version of THC, and nabilone, a synthetic cannabinoid similar to THC, are indicated for chemotherapy-induced emesis and anorexia in patients with AIDS (dronabinol only).^{60,61} Dronabinol will test positive for THC on UDTs, whereas nabilone tests negative for THC due to its distinct metabolites.⁶⁵ A challenge in patients receiving dronabinol is the inability to distinguish dronabinol from plant THC through confirmatory tests. Levin et al¹²⁶ conducted a study to determine whether testing for Δ^9 -tetrahydrocannabinol (THCV), a plant cannabinoid, in the urine would help distinguish the use of illicit plant marijuana use from oral dronabinol use. However, only 50% of participants who used cannabis heavily (≥ 5 times per week) tested positive for THCV. The authors concluded that this test was not sensitive enough to test for either the presence or absence of THCV likely owing to variable strains of cannabis.

Medications reported to cross-react with cannabinoid immunoassays include proton pump inhibitors (PPIs),^{64,127} nonsteroidal anti-inflammatory drugs (NSAIDs),⁶⁸ and efavirenz.^{67,69} Literature describing the interference of PPIs with UDT is limited to 1 case report of pantoprazole and pantoprazole's package insert.^{64,127} The mechanism for pantoprazole's interference with marijuana's UDT is unknown and it is unclear whether this is a class effect or limited only to pantoprazole. Prescribing information of other PPIs does not report this interference.

With respect to NSAIDs, Rollins et al⁶⁸ found that only 2 samples out of 510 samples produced false-positive results for cannabis on immunoassay, 1 in a patient who took a single

daily dose of 1200 mg of ibuprofen and 1 in a chronic naproxen user. NSAID interference appears to be rare; however, secondary confirmation is warranted in patients using NSAIDs with unexplained THC results on immunoassay.

The cross-reactivity of efavirenz, a nonnucleoside reverse transcriptase inhibitor, on UDT for marijuana has been well documented.^{67,69} The glucuronide metabolite (EFV-8-ether glucuronide) has been attributed to causing the false-positive result.

Surface contaminants with urine collections have also been shown to cause false-positive results in UDTs in newborns. Because of an increase in false-positive rates for THC UDTs in newborns, Cotten et al⁶³ investigated several commercial products and materials (eg, baby wash, wipes, diapers, and urine collection bags) to determine whether cross-reactivity was present. Several baby wash products produced a dose-dependent response on THC immunoassays, with many testing positive using a cutoff of 20 ng/mL but none reach the standard cutoff level of 50 ng/mL. It was discovered that nurses used different techniques to clean newborns before and during sample collection. This study highlights the importance of surface contaminants especially in the collection and analysis of urine in newborns.

A rising concern, especially with state approval of recreational marijuana use, is whether second-hand exposure to marijuana can result in positive drug screening. Several studies were conducted in the 1980s evaluating whether passive inhalation of marijuana would test positive on cannabis urine assays.¹²⁸⁻¹³⁰ Most of these studies found detectable urine concentrations of THC's metabolites significantly below standard cutoff values. Since these studies were conducted, the potency of marijuana has significantly increased. In the 1980s, the potency of THC confiscated by law enforcement was around 3% whereas in 2014 the potency was approximately 12%.^{131,132} With the rise in THC potency, Cone et al¹³³ evaluated the effects of passive inhalation with high-potency THC (up to 11.3%). The study placed 6 non-smokers in a small room for 1 hour with smokers under the following conditions: (1) without air ventilation with participants

TABLE 4. Summary of Agents Contributing to Results by Immunoassay^a

Substance	Potential positives (includes true- and false-positives)	Potential medications that may not be detected
Alcohol ²⁴	Short-chain alcohols (eg, isopropyl alcohol)	Not applicable
Amphetamines ²⁵⁻⁵⁰	<i>l</i> -Methamphetamine (Vick's inhaler) ^b <i>l</i> -Deprenyl ^c Amantadine Aripiprazole Atomoxetine Benzphetamine Bupropion Clobenzorex ^d Chlorpromazine Desipramine Dextroamphetamine Dimethylamylamine Ephedrine Fenproporex ^d Isometheptene Isoxsuprine Labetalol Metformin Methylphenidate Methamphetamine MDMA Phentemine Promethazine Pseudoephedrine Phenylephrine Phenylpropanolamine Ranitidine Ritodrine Selegiline Thioridazine Trazodone Trimipramine Trimethobenzamide	Not applicable
Benzodiazepines ⁵¹⁻⁵⁹	Efavirenz Oxaprozin Sertraline	Alprazolam Clonazepam Lorazepam
Cannabinoids ^{7,60-70}	Baby wash products Dronabinol Efavirenz NSAIDs Proton pump inhibitors	Nabilone Synthetic cannabinoids
Cocaine ⁷¹⁻⁷³	Coca leaf tea Topical anesthetics containing cocaine	Not applicable
Opioids/opiates/heroin ^{17,18,74-90}	Dextromethorphan Diphenhydramine ^e Doxylamine ^e Heroin Opiates (codeine, hydromorphone, hydrocodone, morphine) Poppy seeds	Buprenorphine Fentanyl Meperidine Methadone Oxycodone Oxymorphone

Continued on next page

TABLE 4. Continued

Substance	Potential positives (includes true- and false-positives)	Potential medications that may not be detected
	Quinine Quinolones Rifampin Verapamil and metabolites ^e	Tramadol
Phencyclidine ^{17,74,91-100}	Dextromethorphan Diphenhydramine Doxylamine Ibuprofen Imipramine Ketamine Lamotrigine MDPV Meperidine Mesoridazine Thioridazine Tramadol Venlafaxine, <i>O</i> -desmethylvenlafaxine	Not applicable
Tricyclic antidepressants ¹⁰¹⁻¹¹¹	Carbamazepine ^f Cyclobenzaprine Cycloheptadine ^f Diphenhydramine ^f Hydroxyzine ^f Quetiapine	Not applicable
Synthetic cannabinoids ¹¹²	Lamotrigine	Not applicable

^aMDMA = methylenedioxyamphetamine; MDPV = methylenedioxypropylvalerone; NSAID = nonsteroidal anti-inflammatory drug.
^bNewer immunoassays have corrected the false-positive result for Vick's inhaler.
^cConverts to *l*-methamphetamine and *l*-amphetamine.
^dApproved in Mexico. Not approved in the United States.
^eDiphenhydramine, doxylamine, and verapamil (including metabolites) have been shown to cause positive results in methadone assays only.
^fReports of false-positive results occurred in serum only.
Adapted from *Mayo Clin Proc*, with permission.¹²

actively smoking marijuana cigarettes containing 5.3% THC, (2) without air ventilation with participants actively smoking marijuana cigarettes containing 11.3% THC, and (3) with active air ventilation with participants actively smoking marijuana cigarettes containing 11.3% THC.^{133,134} None of the participants tested positive with an immunoassay (ELISA) cutoff level of more than 20 ng/mL in the room with ventilation. In rooms without ventilation, multiple immunoassays tested positive when using a 20 ng/mL cutoff value and 1 tested positive at the 50 ng/mL cutoff value (condition 2). Detection times to produce a positive screen (ELISA >20 ng/mL) ranged from 2 to 22 hours postexposure. Although 1 nonsmoker met the federal cutoff concentration and many with lower cutoff

values, detection time was short and it was under harsh conditions (no ventilation) in which someone would be aware they were heavily exposed to second-hand smoke.

Central Nervous System Depressants

Opioids. "Opioid" is the term to describe all compounds that work at the opioid receptors in the central nervous system (CNS) and peripheral tissues. Opioids are primarily used for their analgesic properties, although they also have antitussive or antidiarrheal effects. Common prescription opioid medications include morphine, hydrocodone, hydromorphone, oxycodone, fentanyl, methadone, and tramadol, while heroin is an illicit agent. The term "opiates" is used only to describe morphine and codeine, which are naturally

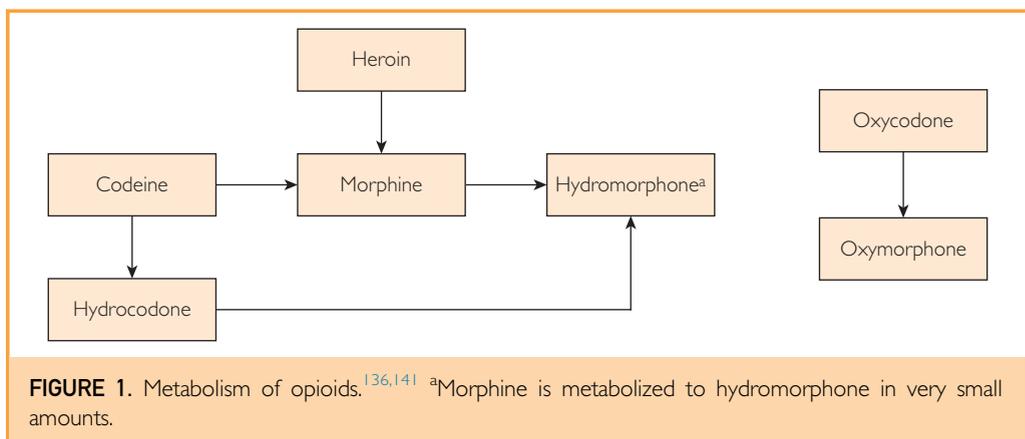
derived from the opium poppy seed.¹³⁵ Table 3 categorizes the opioid compounds according to sources of derivation.⁴

Opioid use has drastically increased in the past 10 to 15 years, and subsequently opioid misuse and abuse are also on the rise.¹³⁶ All prescription opioids have the potential for abuse and are Schedule II medications except tramadol, which recently went from unscheduled status to Schedule IV.¹³⁷ With the recent rescheduling of hydrocodone products from Schedule III to II, it is expected that there may be an increase in tramadol prescriptions due to ease of prescribing Schedule IV medications compared with Schedule II medications.¹³⁸

Urine drug testing is one of many tools for safe prescribing of opioids with appropriate assessment and monitoring.^{139,140} It is important for clinicians to be aware that UDTs may not detect all opioid drugs equally, and it is vital that clinicians ordering UDT for opioids know how to interpret results, are familiar with which agents their laboratory tests for, and understands opium metabolism (Figure 1).^{136,141} Most conventional immunoassays use morphine as a single calibrator drug to set the threshold for distinguishing a “positive” or “negative” test result. Because cross-reactivity of antibodies between morphine and other opiates such as oxycodone, hydrocodone, hydromorphone, and oxymorphone is low, there may be a risk of false-negative results.¹⁴² More advanced immunoassays or LC-MS/MS show higher specificity that can maximize detection for those agents.¹⁴²

Fentanyl, methadone, and buprenorphine have distinct differences in chemical structure compared with morphine; thus, there is no reactivity in commonly marketed morphine-specific immunoassays^{89,143} and these require immunoassays that are specific for these compounds or LC-MS/MS.^{76,80} In addition, some laboratories do not routinely test for semisynthetic or synthetic medication (see Table 3) in a standard opioid UDT unless specially requested. Clinicians must have an adequate understanding of their institution’s laboratory immunoassay capabilities and/or the option for LC-MS/MS before using UDT.

Another clinical limitation with UDT for federal and Department of Transportation–regulated industry employees is the federal cutoff level of 2000 ng/mL with additional testing for heroin metabolite 6-monoacetylmorphine with a cutoff of 10 ng/mL use.⁷ The cutoff level for opiate (eg, morphine and codeine) testing was raised from 300 ng/mL to 2000 ng/mL of morphine in 1998 in efforts to limit the large number of morphine and/or codeine positive results from poppy seed ingestion or routine prescription opiate use when screening for heroin abuse.^{85,90} Unfortunately, using this high workplace drug testing cutoff level can result in negative test results, making it difficult for clinicians to interpret recent opioid use especially when testing for synthetic and semisynthetic opioids.¹⁴⁴ Clinicians who commonly prescribe opioid medications for chronic pain and use UDT for compliance monitoring and abuse detection may need to use the lower threshold



of 300 ng/mL. As clinicians, it is important that one is aware of their laboratory's cutoff value for opioids and when necessary may need to request additional testing at a lower cutoff. The most common reasons for opioid false-negative results are using incorrect testing for a specific opioid or there is insufficient concentration of opioid in the urine.¹⁴⁵

A few nonopioid agents have been shown to cause false-positive results for opiates and are reported in Table 4. Quinolones, which are commonly prescribed anti-infectives, are widely reported to interfere with opiate immunoassays.^{82,84} Meatherall and Dai⁸² evaluated ofloxacin, norfloxacin, and ciprofloxacin for cross-reactivity on the enzyme-multiplied immunoassay technique II opiate immunoassay using a morphine threshold of 300 ng/mL. Ofloxacin was found to produce positive results, whereas norfloxacin and ciprofloxacin did not elicit positive results. Gatifloxacin also was found in a case report to provide a positive finding for opiates using the 2000 ng/mL cutoff level.⁸⁴ Rifampin or rifampicin also has caused false-positive results with opiate immunoassays.^{77-79,87}

To understand opiate UDT, a proper understanding of specific opioid metabolism is essential. Studies have shown that clinicians struggle with interpreting opioid UDT results, which may be due to lack of understanding of opioid metabolism.^{2,3} The following section reviews commonly prescribed opioids, their metabolic pathways (Figure 1), and their utility in UDT.

Morphine and codeine are both derived from opium. Codeine is metabolized to morphine and norcodeine. In the urine, all 3 compounds can be detected after codeine ingestion. Morphine is metabolized to 3-morphine-glucuronide and 6-morphine-glucuronide. Hydromorphone has been identified as a minor metabolite of morphine.¹⁴⁶ Codeine and hydrocodone metabolism can also produce small amounts of hydrocodone and hydromorphone, respectively, and should not be interpreted as indicators of hydrocodone or hydromorphone ingestion when high concentrations of codeine or hydromorphone are detected in the UDT.^{147,148}

Heroin is rapidly metabolized to 6-monoacetylmorphine (6-MAM), which is further deacetylated to morphine. If heroin

use is suspected, one can test for 6-MAM in the urine using a definitive method because the 6-MAM metabolite is specific only to heroin and not morphine or codeine. However, 6-MAM has an extremely short half-life of 36 minutes and is detected only up to 8 hours in the urine after heroin use.¹⁴⁹ In addition, street heroin may be adulterated with other opioids, such as acetylcodeine, making it difficult to differentiate between heroin, codeine, or morphine use.^{24,150}

Oxycodone is frequently prescribed to treat pain and has been shown to have high abuse potential.¹⁵¹ Oxycodone is metabolized into the active metabolite oxymorphone and moderately active metabolite noroxycodone.^{152,153} About 13% to 19% of the dose is excreted as unchanged drug, 7% to 29% as oxycodone conjugates, 13% to 14% as oxymorphone metabolite, and an unknown amount to noroxycodone.¹⁵⁴ Large variability of metabolic ratio has been published in the literature identifying abnormal metabolite formation when considering ultra-rapid and poor metabolizers of oxycodone to oxymorphone.¹⁵³

Methadone is a potent opioid with unique pharmacology; notably, it has a long elimination half-life, which makes it attractive for treatment of chronic pain and dependence on opioids and heroin.^{135,155,156} About one-third of methadone is excreted unchanged in the urine and is metabolized to an inactive metabolite 2-ethylidene-1,5-dimethyl-3,3-diphenylpyrrolidene (EDDP). Although both methadone and EDDP are present in the urine, many methadone immunoassays detect only the parent compound, methadone. This can be problematic because patients occasionally spike their urine with their methadone prescription to generate a positive result on a UDT.¹⁵⁷ There are screening methods for methadone and EDDP and only 1 assay, Immunalysis's Homogeneous Enzyme Immunoassay (HEIA), tests for both with a cutoff of 300 ng for methadone and 500 ng for EDDP.¹⁵⁸ Moreover, testing for EDDP with GC-MS may be necessary with suspected adulteration and in patients who are rapid metabolizers of methadone. A few medications, including verapamil, diphenhydramine, and doxylamine, have been reported to cause false-positive screens for methadone and requiring secondary confirmation.^{81,83,86}

Fentanyl transdermal patch is another widely used opioid mainly due to its convenient nonoral route, but it also poses a high risk of serious adverse effects including respiratory depression.^{159,160} Fentanyl is extensively metabolized to its major inactive metabolite, norfentanyl.¹³⁵ Fentanyl has been shown to have high intrasubject variability over time and intersubject variability. In patients with pain disorders, the transdermal fentanyl excretion variability may be due to genetic polymorphism of the CYP3A4, skin absorption, and interactions with drugs used concomitantly that interfere with fentanyl metabolism.¹⁶¹

Tramadol is a weak opioid agonist that is commonly used for mild pain. It is a prodrug metabolized to an active metabolite *O*-desmethyltramadol and inactive metabolite nortramadol. Both these metabolites are further metabolized to inactive *O*-desmethylnortramadol.¹⁶² GC-MS, LC-MS/MS, and other procedures to determine tramadol and its metabolites in the urine have been developed.¹⁶³ Clinical utility of tramadol drug screening may be important for clinicians to be familiar with as the use of tramadol increases.

Benzodiazepines. Benzodiazepines are widely prescribed for use as sedatives, hypnotics, anxiolytics, anticonvulsants, and muscle relaxants.¹⁶⁴ More than 15 benzodiazepines are commercially available for use in the United States; in addition, large numbers of other benzodiazepines are available in other countries including flunitrazepam, commonly referred to as the “date rape” drug. Because of their sedative properties, benzodiazepines are frequently misused and abused, and chronic use can lead to physiological dependence and addiction.

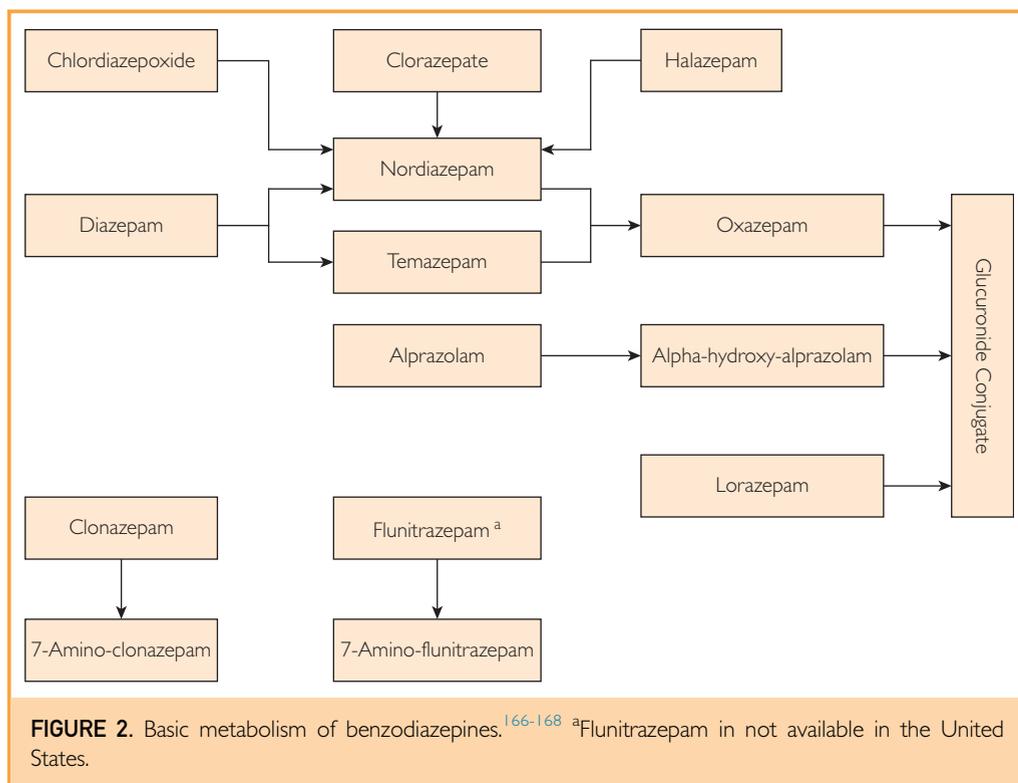
Urine drug testing for benzodiazepines is commonly used to check for medication adherence, evaluate abuse/misuse, or identify medications in overdose or emergency situations. Benzodiazepines are secondary to opiates in accidental or intentional overdose situations and are commonly prescribed with other sedating medications.¹⁶⁵ Because of the widespread use of benzodiazepines (eg, sedation in the emergency department setting), it is important that clinicians evaluate patient’s medication regimen extensively when evaluating UDT results.

Interpretation of urine benzodiazepine immunoassays can be complex secondary to benzodiazepine’s metabolic pathway (Figure 2), half-life, potencies, and the inability to differentiate between individual benzodiazepines.¹⁶⁶⁻¹⁶⁸ Chronic use of diazepam, a long half-life agent, can be detected over 30 days in the urine, whereas triazolam, a short half-life drug, may be detected in the urine only for a day.⁴ Benzodiazepines with short half-lives or those that are highly lipophilic (eg, alprazolam and diazepam) tend to have the most risk for abuse. Furthermore, there are 2 significant limitations of benzodiazepine immunoassays that may lead to false-negative results: (1) the immunoassay’s inability to detect conjugated metabolites and (2) high cutoff values.

Most benzodiazepine immunoassays are designed to detect the free or nonconjugated forms of oxazepam or nordiazepam, which are common metabolites of several benzodiazepines (eg, diazepam, chlordiazepoxide, and temazepam).¹⁶⁷ However, many benzodiazepines are excreted as glucuronide conjugates (eg, lorazepam and alprazolam) and will not be detected by most immunoassays unless hydrolysis with beta-glucuronidase is performed on the urine before testing.¹⁶⁹⁻¹⁷¹ Most laboratories do not use this technique. Clonazepam is another benzodiazepine that may result in a false-negative result because it is primarily reduced to 7-aminoclonazepam and not converted to oxazepam or its conjugate nor does it cross-react well in the immunoassay screen.¹⁷²

Cutoff concentrations of 200 or 300 ng/mL for benzodiazepines were initially established on the basis of standard dosages of older benzodiazepines such as diazepam, oxazepam, and flurazepam dosed between 5 and 20 mg/d.⁵⁷ Using a cutoff of 200 or 300 ng/mL often is too high for more potent benzodiazepines that are prescribed at lower doses such as lorazepam, alprazolam, and triazolam. Fraser and Meatherall^{54,55} found that lowering the cutoff concentration of alprazolam and triazolam to 100 ng/mL along with enzyme hydrolysis increased positive results. In addition, West et al¹⁷² recommended lowering the cutoff level to 40 ng/mL to detect clonazepam’s main metabolite 7-aminoclonazepam.

Despite the high rate of false-negative results, medications that produce false-positive



results on the benzodiazepine immunoassays are minimal (Table 4). Sertraline, a commonly prescribed medication for treatment of depression, has widely been reported to cause false-positive results with benzodiazepine immunoassays with rates of 27% to 32% found in 2 retrospective studies.^{52,56,58} Oxaprozin and efavirenz are additional agents that have also been found to interfere with the urine immunoassays.^{51,53,59} However, efavirenz's interference has been found to occur only in the Triage 8 urine drug test and Drug Screen Multi 5 test.^{53,59}

CNS Stimulants

Amphetamines. There are an estimated 1.6 million people aged 12 years and older (0.6% of the population ≥ 12 years) who reported using stimulants for nonmedical uses.¹ Among those who reported current use of stimulants, two-third reported abusing prescription stimulants but not methamphetamine. Amphetamines are commonly abused for their euphoric and stimulant effects, and prescription amphetamines have been favored by college students for their supposed "cognitive effects."

Amphetamine immunoassays are the screening tests most commonly associated with false-positive results due to the presence of other cross-reacting drugs and substances. It is difficult to develop antibodies that are specific to amphetamine and methamphetamines due to their structures. Methamphetamine also has 2 isomers (*d*-methamphetamine and *l*-methamphetamine) that contribute to issues with cross-reactivity and false-positive test results.¹⁷³ Amphetamine assays can detect amphetamines, its isomers (eg, dextroamphetamine), and other amphetamine-type compounds such as methamphetamine, methylenedioxyethylamphetamine, methylenedioxyamphetamine, and methylenedioxymethylamphetamine as well as other metabolically produced amine-containing compounds.

Agents that have been commonly linked to false-positive amphetamine results include pseudoephedrine/ephedrine,⁴⁷ bupropion,⁴¹ labetalol,^{29,50} and ranitidine.^{30,35,43} Bupropion's chemical structure is similar to those of amphetamines and contributes to the false-positive results.⁴¹ Metformin has also been linked to false-positive results for amphetamines.²⁸ The mechanism is unknown

for metformin's interference, but the importance of confirmatory testing was stressed by one author to avoid negative consequences for patients. Additional medications and products that are not obvious culprits for causing positive results for amphetamines include selegiline and Vick's Vapor inhalers. Selegiline is metabolized into *l*-methamphetamine, *l*-desmethylselegiline, and *l*-amphetamine that contribute to its cross-interference with amphetamine assays. Selegiline's metabolites have also been detected in hair up to 4 weeks after a single oral dose.¹⁷⁴ Vick's Vapor Inhalers have been reported to contain 1% to 2.5% *d*-methamphetamine.¹⁷⁵ In Smith et al¹⁷⁵ report, *d*-methamphetamine and *l*-methamphetamine were not detected in urine at a lower level of quantification of 10 µg/L after 28 inhalations of Vick's Vapor inhalers. There were no positive test results for *d*-methamphetamine or *d*-amphetamine when GC-MS confirmatory testing was used. *l*-Methamphetamine was present in most urine specimens at 11 hours after the inhalation but at low concentrations (<250 µg/L). Lisdexamfetamine (Vyvanse) is a prodrug that is inactive before ingestion, which may lead to misconceptions that the drug will not be detected in UDT.¹⁷⁶ It should be noted that on activation in the gastrointestinal tract, lisdexamfetamine is converted to *l*-lysine and the active *d*-amphetamine and will be detected in the urine.

A popular dietary supplement containing dimethylamylamine (DMAA) also known as methylhexamine and geranium extract has been linked to a false-positive amphetamine screen.⁴⁸ DMAA has been marketed under the name OxyElite Pro (among others) for enhancing weight loss and athletic performance. It has been estimated that DMAA is present in more than 200 supplements despite reports of the agent's association with hemorrhagic strokes and death.¹⁷⁷⁻¹⁷⁹ In an analysis by the Department of Defense, DMAA was found in 92.3% of the false-positive amphetamine samples that were then confirmed to be negative by GC-MS.⁴⁸

Cocaine. Cocaine is a CNS stimulant extracted from coca leaves.¹⁸⁰ Similar to amphetamines, cocaine is often abused for its euphoric and stimulant effects. It can also

produce anorexia, insomnia, and an increased attention span. Although illegal in the United States, some countries use coca leaves in teas, drinks, and other natural products. Ingestion of these products can cause positive results for cocaine UDT.

Urine testing for cocaine assesses the presence or absence of cocaine's primary metabolite, benzoylecgonine. Minimal cross-reactivity exists with drug screens for cocaine.¹⁷³ Although amoxicillin is reported from various Internet sources and review articles to produce false-positive results for cocaine, lack of evidence exists to support this finding.¹⁸¹ Reisfield et al¹⁸² tested amoxicillin's theoretical cross-reactivity for cocaine on 4 different immunoassays and found no false-positive results for cocaine metabolites. In clinical practice, cocaine is available for use as a topical anesthetic in otolaryngology and ophthalmic procedures. Topical and ophthalmic use of cocaine can produce true-positive results for cocaine in the urine.¹⁸³ However, other anesthetic agents such as benzocaine, lidocaine, procaine, and tetracaine are structurally distinct from cocaine and its metabolites and do not produce false-positive results on UDTs.¹⁸⁴

Phencyclidine. Phencyclidine (PCP), a dissociative anesthetic, is 1 of the 5 mandated drugs of abuse in the Department of Health and Human Services guidelines for workplace UDT. Although PCP abuse declined in popularity in the 1980s and 1990s, there has been a revival of PCP use in the 2000s especially in combination with other illicit substances. In 2011, the Drug Abuse Warning Network found a 400% increase in emergency room visits for PCP from 2005 to 2011.¹⁸⁵ Frequently, abusers of PCP are dipping or spraying marijuana cigarettes with liquid PCP ("embalming fluid," "rocket fuel") often referred to as smoking "wet," "illy," or "fry."^{186,187} Users of PCP-laced marijuana exhibit violent and aggressive behaviors, severe hallucinations, paranoia, and impaired motor skills.¹⁸⁸ In its pure form, PCP is a white crystalline powder ("angel dust") and is commonly snorted, with effects seen in 2 to 5 minutes. Symptoms of intoxication usually last 4 to 6 hours; however, toxicity with large dosages can persist for 48 hours.¹⁸⁹ Detection

time of PCP in the urine is approximately 8 days.

False-positive results for PCP on immunoassays have been reported to occur with agents that are structurally similar to PCP such as tramadol, dextromethorphan, diphenhydramine, and ketamine. Several case reports have shown tramadol's cross-reactivity to occur during tramadol toxicity, secondary to intentional overdose or misuse of the medication resulting in high tramadol concentrations in the urine.^{94,96} Rengarajan and Mullins⁹⁸ reported that false-positive rates for PCP were 24% with dextromethorphan, 22% with tramadol, and 15% with diphenhydramine in urines that failed to be confirmed by GC-MS.⁹⁸

Although a structural analog of PCP, there is a paucity of information on ketamine's cross-reactivity with PCP in the literature. Only 1 case report illustrates a false-positive PCP result after a 9-year-old boy received 400 mg of intramuscular ketamine for sedation before a magnetic resonance imaging scan.¹⁰⁰ Confirmatory test results were negative for PCP by GC-MS for this case. However, Weiner et al¹⁹⁰ reported negative PCP results on immunoassays in 3 patients with self-reported recent ketamine use. Further study is needed to assess ketamine's cross-reactivity with PCP due to increasing research and off-label use of ketamine to treat chronic pain and to rapidly reverse depression. Furthermore, new dosage formulations such as transmucosal, intranasal, and oral administrations of ketamine are currently in research and development and may result in increased use in the future.¹⁹¹⁻¹⁹³ Clinicians should inquire about ketamine usage in the presence of positive PCP results.

Medications that are not structurally similar to PCP that have been reported to cause false-positive PCP results on UDTs include venlafaxine and lamotrigine. Venlafaxine, a widely used antidepressant, has frequently produced false-positive results for PCP in urine assays both in standard and in overdose situations.^{91,99} It is hypothesized that combined concentrations of venlafaxine and its metabolite, *O*-desmethylvenlafaxine, cause this cross-reactivity.

Lamotrigine, an anticonvulsant and mood stabilizer, is commonly listed as an agent to elicit a false-positive PCP result in UDT.

However, only 1 case series correlates lamotrigine with false-positive results in 2 patients using Bio-Rad TOX/See Urine Toxicology screen.⁹² In this case series, clinical history was used to rule out PCP use and no confirmatory testing was conducted. Further research is needed to clarify false-positive lamotrigine results on PCP rapid UDT.

A new drug of abuse, methylenedioxypropylvalerone (MDPV), a synthetic cathinone structurally similar to amphetamines and commonly referred to as "bath salts," has been found to cross-react with PCP on UDTs.⁹⁷ Several case reports noted an increased reactivity of PCP on urine immunoassays and negative confirmatory results in patients reporting recent bath salt ingestion. Macher and Penders¹⁹⁴ conducted a study in which MDPV was added to control urine and tested on the Synchron system. All urine samples tested positive for PCP with MDPV concentrations greater than 0.0031 mg/mL. Macher et al also examined mephedrone (4-methyl metcathinone) and no positive results for PCP were seen.¹⁹⁴

Other medications reported to cause false-positive results for PCP are listed in Table 4.

Designer Drugs and Herbal Drugs of Abuse

Synthetic drugs, such as synthetic cathinones and synthetic cannabinoids, have become popular drugs of abuse especially among adolescents and young adults. In addition, herbal products, including *Salvia divinorum*, are popular. Once viewed as "legal highs," these drugs were readily available in head shops and gas stations and on the Internet. These agents became popular among people seeking a high due to their ability to avoid detection on UDT.

Drug testing for these agents can be challenging because of continual changes in synthetic compounds and an increasing number of newer substances. Testing for synthetic cathinones and cannabinoids is discussed in further detail. *Salvia* is briefly reviewed.

Synthetic Cathinones. Cathinones are naturally found in *Catha edulis* plant leaves, also known as khat. Khat is found in parts of Africa and has been known to have stimulant effects similar to those of cocaine, amphetamine, or 3,4-methylenedioxy-*N*-methylamphetamine

(“ecstasy”).¹⁹⁵ Cathinones have dopaminergic activities to increase dopamine levels beyond the effects produced by stimulant drugs.¹⁹⁶⁻¹⁹⁸ Three of the most common compounds in bath salts are mephedrone, methylone, and MDPV (3,4-methylenedioxypropylone). They either stimulate release of dopamine directly (mephedrone) or inhibit the reuptake of dopamine (methylone, MDPV).¹⁹⁹

Bath salts, sometimes known as plant food, are synthetic cathinones that have gained popularity over the last 5 years. They are labeled “not for human consumption” to mask their intended purpose and avoid FDA regulatory oversight of the manufacturing process.²⁰⁰ In 2011, the Drug Enforcement Administration added bath salts to its list of Schedule I substances in an attempt to curb manufacturing and distribution.¹⁹⁵ Unfortunately, new synthetic analogs used to manufacture bath salts are being constantly identified and make enforcement of laws difficult. Common product names that contain bath salts include Bliss, Cloud Nine, Vanilla Sky, and Zoom. Bath salts can be consumed by insufflation (snorting), ingestion, injection (intramuscular, intravenous), inhalation, or smoking, or taken sublingually or rectally.²⁰¹ Concentration of synthetic cathinones in the blood can vary depending on the method of administration.

An attractive marketing tool for these products is the claim that these products cannot be detected in routine drug screens. The fatal concentration of the drug in the blood has been reported to be approximately 400 ng/mL¹⁹⁹ based on postmortem data; however, the concentrations of the drug in the blood among fatal cases have varied for the 3 cathinone compounds ranging from 17 to 3300 ng/mL.^{202,203} The parent cathinones are excreted rapidly in urine and are easily detected in biological materials. The elimination half-life in urine is approximately 12 hours and the excreted amount in urine can be influenced by urinary pH.²⁰⁴

There have been attempts at detecting synthetic cathinones in urine,^{205,206} but the results have not been positive. Validation studies for the Randox Drugs of Abuse V biochip immunoassay, containing antibodies for mephedrone/methcathinone and 3'4'-methylenedioxypropylone (MDPV)/

3'4'-methylenedioxy-alpha-pyrrolidinobutylphenone, have been conducted.²⁰⁵ The study showed that concentrations for mephedrone and MDPV were below acceptable criteria and had high negative percent bias. Of note, MDPV has been reported to cause false-positive results for PCP.⁹⁷ In the future, detection of specific cathinones will require higher specificity methods such as high-resolution, mass spectrometry.

Synthetic Cannabinoids. Synthetic cannabinoids are high potency, full cannabinoid receptor agonists at the CB₁ and CB₂ receptors compared with THC, which is a weak partial agonist at cannabinoid receptors.^{207,208} JWH-018 is one of the most commonly abused synthetic cannabinoids found in products.²⁰⁹ Other popular synthetic cannabinoid compounds include JWH-073, JWH-200, JWH-250, and CP-47,497 although hundreds of different synthetic cannabinoids exist.^{210,211}

“Spice” or “K2” is a herbal blend of dried plant materials sprayed with synthetic cannabinoids. These products are typically sold as incense labeled “not for human consumption” to disguise their intended purpose and circumvent FDA oversight²⁰⁰; however, they are usually smoked by users to experience an extreme “high” believed to be more potent than marijuana.²¹² Use of these products has grown in popularity since 2009 and is often perceived as safe and legal. In 2012, the Monitoring for the Future Study found that synthetic cannabinoids were the second most abused illegal substance behind marijuana among adolescents.²¹³ Synthetic cannabinoid use appeals to substance abusers for their inability to be detected for cannabis on UDTs.²¹⁴

In July 2012, the Synthetic Drug Abuse Prevention Act was passed, making 5 structural classes of synthetic cannabinoid and their analogs a schedule 1 substance.²¹⁵ Additional synthetic cannabinoids were temporarily scheduled in 2013 and 2014.²¹⁶ Unfortunately, once a new synthetic cannabinoid becomes a controlled substance, illicit drug manufacturers promptly design new formulations in attempts to evade drug enforcement laws.

Several immunoassays and POCT have been developed to detect synthetic cannabinoids.

However, the continual development of new synthetic cannabinoids makes it difficult to keep up with current trends and test for specific synthetic cannabinoids in the urine. Synthetic cannabinoids are extensively metabolized and little to no parent drug is found in the urine.²⁰⁹ Most assays are designed to detect JWH-018 and JWH-073 metabolites although many synthetic cannabinoids share the same structural pathway, allowing for broader detection on UDT. Because most synthetic cannabinoids have similar metabolic pathways, it is difficult to identify the parent compound ingested.

Another challenge with urine testing of synthetic cannabinoids is standardization of a cutoff value. Currently, there is no acceptable cutoff value, but assays may range between 5 ng/mL and 25 ng/mL. Barnes et al²¹⁷ studied cross-reactivity and sensitivity of the National Medical Service JWH-018 direct Elisa Kit designed to detect major metabolites of JWH-018. Seventy-three synthetic cannabinoids were analyzed for cross-reactivity. Their study found significant cross-reactivity of metabolites of other synthetic cannabinoids, most specifically JWH-200, JWH-073 N-(3-hydroxybutyl), JWH-073 N-(4-hydroxybutyl), JWH-019 N-(6-hydroxyhexyl), and AM-2201 N-(hydroxypentyl). Using the 5 µg/L cutoff provided the best sensitivity and increasing to 10 µg/L increased false-negative results by 12%. Their analysis also found limitations in the ability to detect newer synthetic cannabinoid compounds such as PB-22, RCS-4, RCS-8, XRL-11, and AKB48.

In addition, Barnes et al²¹⁷ evaluated 93 common medications and metabolites (eg, drugs of abuse, metabolites, prescription and over-the-counter medication, and chemicals with structural similarities) for cross-reactivity on the ELISA test. No samples, including marijuana, cross-reacted with the assay. However, the point-of-care test by Express Diagnostic lab, designed to detect JWH-018 and JWH-073 metabolites, reported that lamotrigine will cause a false-positive for their assay and will need confirmation.¹¹²

Because of limited studies, it is unclear the length of time the synthetic cannabinoids will be detected in the urine after using the products. Laboratories that offer synthetic cannabinoids testing estimate 48 to 72 after last use.^{13,15}

Salvia. The *Salvia* plant is a member of the mint family with more than 900 species available.²¹⁸ Most species are commonly available in nurseries and used for decorative landscaping. However, the species *Salvia divinorum* is known to produce psychogenic effects when smoked or ingested and is listed as a controlled substance in approximately 20 states.²¹⁹ Salvinorin A is the main psychoactive component of *Salvia* that produces hallucinogenic effects. Testing for *Salvia* in the urine is limited to GC-MS or LC-MS/MS.²²⁰ Because of expense and complexity, *Salvia* is not routinely tested.

OTHER AGENTS TESTED IN UDT

Alcohol

Ethyl alcohol is rapidly absorbed, metabolized, and eliminated after oral ingestion. Urine drug screening of alcohol intake is infrequently used in clinical practice. Blood tests or handheld breath devices are typically used in practice settings to assess alcohol intake. When testing for ethanol use is indicated, the alcohol metabolite ethylglucuronide (EtG) is preferred because it can be detected in urine for 2 to 5 days after alcohol intake.²²¹ Another metabolite ethyl sulfate may also be useful in detecting alcohol intake similarly to EtG although it is not used as frequently in POCTs. Incidental exposure to ethanol through hand sanitizers or mouthwash can produce positive UDT results. Using a ratio of EtG/ethyl sulfate may be useful in detecting alcohol intake versus incidental exposure.²²²

Tricyclic Antidepressants

Tricyclic antidepressants (TCA) can be used to treat depression, anxiety, neuropathic pain, and other related disorders. Despite their efficacy in treating multiple disorders, TCA are second-line treatments for most psychiatric disorders. They exhibit low tolerability (dry mouth, blurred vision, constipation, urinary retention) and have a high risk for toxicity in overdose ingestions. TCA toxicity mainly induces coma, cardiac conduction abnormalities, and seizures. High serum concentrations due to intentional or unintentional overdoses of TCA can be fatal. TCAs are considered to be toxic at more than 450 ng/mL²²³ and at 1000 ng/mL plasma levels.²²⁴ One advantage of using TCA is the

ability to monitor serum levels to assess medication adherence and detect presence during overdose/toxic situations.

Because of its 3-ring structure, other structures that contain similar ring structures frequently cause false-positive results on TCA urine or serum immunoassays. It is important to measure both parent and metabolite concentrations of tertiary TCA (eg, amitriptyline and imipramine) when interpreting therapeutic or toxic levels of these drugs. Metabolites such as nortriptyline and desipramine are themselves used for therapeutic purposes and may be detected separately. Common culprits include carbamazepine, cyclobenzaprine, and quetiapine (Table 4). In the emergency setting, rapid point-of-care urine immunoassays are preferable to quickly determine the cause and initiate treatment. In a study that compared the qualitative point-of-care urine immunoassays with quantitative serum chromatographic analysis, 7 out of 20 positive drug screen results corresponded to therapeutic serum concentration, 7 were subtherapeutic, and 6 were suprathreshold or toxic.²²⁵ This study showed the value of using quantitative serum chromatographic results versus qualitative point-of-care urine screens. It should be noted that clomipramine was positive in only 50% of patients using the Syva Rapid Test (Syva) and consistently negative using the Biosite Triage (Biosite) TOX urine assay. Most of the clomipramine dose in the urine is due to the 8-hydroxylated and glucuronidated metabolites and can trigger a positive immunoassay in the urine.²²⁶ Clinicians should be aware that negative clomipramine results on a urine assay may fail to fully inform about clomipramine use.

CONCLUSION

Urine drug tests can be one of many valuable tools for clinicians in assessing unexplained toxic symptoms, monitoring adherence, treating patients with addiction, and prescribing controlled substances. However, it is important that clinicians have an appropriate understanding of UDT to minimize misinterpretation. Incorrect interpretation can result in legal consequences, unemployment, medications that are unwarranted, and possible dismissal from one's health care practice or school. Clinicians need to understand that

initial testing from immunoassays offers presumptive results that can be confounded with potential false-positive and false-negative results. Moreover, providers need to be aware of cutoff limits used in UDT and decide whether lower cutoff levels are necessary. If necessary for clinical decision making, confirmatory testing with GC-MS and LC-MS/MS should be ordered to identify specific substances. Results of UDTs should be discussed with each patient and decision making surrounding UDT values should include a multidisciplinary team as well as the patient. Because of the complex nature of result interpretation and test ordering, it is critical that a close working relationship be established with the laboratory. Clinicians should be encouraged to discuss these issues with laboratory directors.

Abbreviations and Acronyms: **6-MAM** = 6-monoacetylmorphine; **CNS** = central nervous system; **DMAA** = dimethylamylamine; **EtG** = ethylglucuronide; **ELISA** = enzyme-linked immunosorbent assay; **FDA** = Food and Drug Administration; **GC-MS** = gas chromatography/mass spectrometry; **LC-MS/MS** = liquid chromatography/tandem mass spectrometry; **MDPV** = methylenedioxyprovalerone; **NSAID** = nonsteroidal anti-inflammatory drug; **POCT** = point-of-care testing; **PCP** = phencyclidine; **PPI** = proton pump inhibitor; **TCA** = tricyclic antidepressant; **THC** = tetrahydrocannabinol; **THCV** = Δ^9 -tetrahydrocannabinol; **UDT** = urine drug test

Correspondence: Address to Karen E. Moeller, PharmD, BCPP, University of Kansas School of Pharmacy, Mailstop 4047, 3901 Rainbow Blvd, Lawrence, Kansas City, KS 66160 (kmoeller@kumc.edu).

REFERENCES

1. Substance Abuse and Mental Health Services Administration. *Behavioral Health Trends in the United States: Results from the 2014 National Survey on Drug Use and Health*. Rockville, MD: Substance Abuse and Mental Health Services Administration; 2015. HHS Publication (SMA) 15-4927. <http://www.samhsa.gov/data/sites/default/files/NSDUH-FRRI-2014/NSDUH-FRRI-2014.pdf>. Accessed October 16, 2016.
2. Reisfield GM, Webb FJ, Bertholf RL, Sloan PA, Wilson GR. Family physicians' proficiency in urine drug test interpretation. *J Opioid Manag*. 2007;3(6):333-337.
3. Reisfield GM, Bertholf R, Barkin RL, Webb F, Wilson G. Urine drug test interpretation: what do physicians know? *J Opioid Manag*. 2007;3(2):80-86.
4. Substance Abuse and Mental Health Services Administration. *Clinical Drug Testing in Primary Care*. Rockville, MD: Substance Abuse and Mental Health Services Administration; 2012. HHS Publication (SMA) 12-4668. <https://store.samhsa.gov/shin/content/SMA12-4668/SMA12-4668.pdf>. Accessed October 12, 2016.
5. Armbruster DA, Schwarzhoff RH, Hubster EC, Liserio MK. Enzyme immunoassay, kinetic microparticle immunoassay, radioimmunoassay, and fluorescence polarization

- immunoassay compared for drugs-of-abuse screening. *Clin Chem*. 1993;39(10):2137-2146.
6. Nichols JH, Christenson RH, Clarke W, et al; National Academy of Clinical Biochemistry. Executive summary. The National Academy of Clinical Biochemistry Laboratory Medicine Practice Guideline: evidence-based practice for point-of-care testing. *Clin Chim Acta*. 2007;379(1-2):14-28; discussion 29-30.
 7. Mandatory guidelines for federal workplace drug testing programs. *Fed Regist*. 2008;73(228):71858-71907.
 8. Luzzi VI, Saunders AN, Koenig JW, et al. Analytic performance of immunoassays for drugs of abuse below established cutoff values. *Clin Chem*. 2004;50(4):717-722.
 9. Council on Scientific Affairs. Scientific issues in drug testing. *JAMA*. 1987;257(22):3110-3114.
 10. Heit HA, Gourlay DL. Urine drug testing in pain medicine. *J Pain Symptom Manage*. 2004;27(3):260-267.
 11. Inaba DS, Cohen WE. *Uppers, Downers, All Arounders. Physical and Mental Effects of Psychoactive Drugs*. 8th ed. Medford, OR: CNS Publications, Inc; 2014.
 12. Moeller KE, Lee KC, Kissack JC. Urine drug screening: practical guide for clinicians. *Mayo Clin Proc*. 2008;83(1):66-76.
 13. NMS Labs Synthetic Cannabinoids ELISA FAQ. NMS Labs website. <http://www.nmslabs.com/services-forensic-K2-ELISA-FAQ>. Accessed July 26, 2016.
 14. Rosse RB, Deutsch LH, Deutsch SI. Medical assessment and laboratory testing in psychiatry. In: 7th ed. In: Sadock BL, Sadock VA, eds. *Kaplan and Sadock's Comprehensive Textbook of Psychiatry*. Vol 1. Philadelphia, PA: Lippincott Williams & Wilkins; 2000:732-755.
 15. Synthetic cannabinoid testing—urine. Frequently asked questions. Redwood Toxicology Laboratory website. https://www.redwoodtoxicology.com/docs/services/3370_sc_fa.pdf. Accessed July 26, 2016.
 16. Verstraete AG. Detection times of drugs of abuse in blood, urine, and oral fluid. *Ther Drug Monit*. 2004;26(2):200-205.
 17. Woelfel JA. Drug abuse urine tests: false-positive results. *Pharmacist Lett/Prescribers Lett*. 2005;21(3):210314.
 18. Casavant MJ. Urine drug screening in adolescents. *Pediatr Clin North Am*. 2002;49(2):317-327.
 19. Hammett-Stabler CA, Pesce AJ, Cannon DJ. Urine drug screening in the medical setting. *Clin Chim Acta*. 2002;315(1-2):125-135.
 20. Warner A. Interference of common household chemicals in immunoassay methods for drugs of abuse. *Clin Chem*. 1989;35(4):648-651.
 21. Jaffee WB, Trucco E, Levy S, Weiss RD. Is this urine really negative? A systematic review of tampering methods in urine drug screening and testing. *J Subst Abuse Treat*. 2007;33(1):33-42.
 22. Dasgupta A. The effects of adulterants and selected ingested compounds on drugs-of-abuse testing in urine. *Am J Clin Pathol*. 2007;128(3):491-503.
 23. Langman LJ, Jannetto PJ, eds. *Laboratory Medicine Practice Guidelines. Using Clinical Laboratory Tests to Monitor Drug Therapy in Pain Management Patients*. Washington, DC: American Association for Clinical Chemistry, The National Academy of Clinical Biochemistry. <https://www.aacc.org/~/media/practice-guidelines/pain-management/rough-draft-pain-management-impv-v6aacc.pdf?la=en>. Accessed October 16, 2016.
 24. Hawks RI, Chaign CN, eds. *Urine Testing for Drugs of Abuse*. Rockville, MD: Department of Health and Human Services, National Institute on Drug Abuse; 1986. NIDA Research Monograph 73. <http://archives.drugabuse.gov/pdf/monographs/download73.html>. Accessed October 12, 2016.
 25. Cody JT. Precursor medications as a source of methamphetamine and/or amphetamine positive drug testing results. *J Occup Environ Med*. 2002;44(5):435-450.
 26. Colbert DL. Possible explanation for trimethobenzamide cross-reaction in immunoassays of amphetamine/methamphetamine. *Clin Chem*. 1994;40(6):948-949.
 27. Fenderson JL, Stratton AN, Domingo JS, Matthews GO, Tan CD. Amphetamine positive urine toxicology screen secondary to atomoxetine. *Case Rep Psychiatry*. 2013;2013:381261.
 28. Fucci N. False positive results for amphetamine in urine of a patient with diabetes mellitus. *Forensic Sci Int*. 2012;223(1-3):e60.
 29. Gilbert RB, Peng PI, Wong D. A labetalol metabolite with analytical characteristics resembling amphetamines. *J Anal Toxicol*. 1995;19(2):84-86.
 30. Grinstead GF. Ranitidine and high concentrations of phenylpropranolamine cross react in the EMIT monoclonal amphetamine/methamphetamine assay. *Clin Chem*. 1989;35(9):1998-1999.
 31. Jones R, Klette K, Kuhlman JJ, et al. Trimethobenzamide cross-reacts in immunoassays of amphetamine/methamphetamine. *Clin Chem*. 1993;39(4):699-700.
 32. Kaplan J, Shah P, Faley B, Siegel ME. Case reports of aripiprazole causing false-positive urine amphetamine drug screens in children. *Pediatrics*. 2015;136(6):e1625-e1628.
 33. Kelly KL. Ranitidine cross-reactivity in the EMIT d.a.u. Monoclonal Amphetamine/Methamphetamine Assay. *Clin Chem*. 1990;36(7):1391-1392.
 34. Levine BS, Caplan YH. Isometheptene cross reacts in the EMIT amphetamine assay. *Clin Chem*. 1987;33(7):1264-1265.
 35. Liu L, Wheeler SE, Rymer JA, et al. Ranitidine interference with standard amphetamine immunoassay. *Clin Chim Acta*. 2015;438:307-308.
 36. Manzi S, Law T, Shannon MW. Methylphenidate produces a false-positive urine amphetamine screen. *Pediatr Emerg Care*. 2002;18(5):401.
 37. Melanson SE, Lee-Lewandrowski E, Griggs DA, Long WH, Flood JG. Reduced interference by phenothiazines in amphetamine drug of abuse immunoassays. *Arch Pathol Lab Med*. 2006;130(12):1834-1838.
 38. Merigian KS, Browning R, Kellerman A. Doxepin causing false-positive urine test for amphetamine. *Ann Emerg Med*. 1993;22(8):1370.
 39. Merigian KS, Browning RG. Desipramine and amantadine causing false-positive urine test for amphetamine. *Ann Emerg Med*. 1993;22(12):1927-1928.
 40. Nice A, Maturen A. False-positive urine amphetamine screen with ritodrine. *Clin Chem*. 1989;35(7):1542-1543.
 41. Nixon AL, Long WH, Puopolo PR, Flood JG. Bupropion metabolites produce false-positive urine amphetamine results. *Clin Chem*. 1995;41(6, Pt 1):955-956.
 42. Olsen KM, Gulliksen M, Christophersen AS. Metabolites of chlorpromazine and brompheniramine may cause false-positive urine amphetamine results with monoclonal EMIT d.a.u. immunoassay. *Clin Chem*. 1992;38(4):611-612.
 43. Poklis A, Hall KV, Still J, Binder SR. Ranitidine interference with the monoclonal EMIT d.a.u. amphetamine/methamphetamine immunoassay. *J Anal Toxicol*. 1991;15(2):101-103.
 44. Poklis A, Moore KA. Response of EMIT amphetamine immunoassays to urinary desoxyephedrine following Vicks inhaler use. *Ther Drug Monit*. 1995;17(1):89-94.
 45. Roberge RJ, Luellen JR, Reed S. False-positive amphetamine screen following a trazodone overdose. *J Toxicol Clin Toxicol*. 2001;39(2):181-182.
 46. Romberg RW, Needleman SB, Snyder JJ, Greedan A. Methamphetamine and amphetamine derived from the metabolism of selegiline. *J Forensic Sci*. 1995;40(6):1100-1102.
 47. Stout PR, Klette KL, Horn CK. Evaluation of ephedrine, pseudoephedrine and phenylpropranolamine concentrations in human urine samples and a comparison of the specificity of DRI

- amphetamines and Abuscreen online (KIMS) amphetamines screening immunoassays. *J Forensic Sci.* 2004;49(1):160-164.
48. Vorce SP, Holler JM, Cawrse BM, Maglulio J Jr. Dimethylamylamine: a drug causing positive immunoassay results for amphetamines. *J Anal Toxicol.* 2011;35(3):183-187.
 49. Weintraub D, Linder MW. Amphetamine positive toxicology screen secondary to bupropion. *Depress Anxiety.* 2000;12(1):53-54.
 50. Yee LM, Wu D. False-positive amphetamine toxicology screen results in three pregnant women using labetalol. *Obstet Gynecol.* 2011;117(2, Pt 2):503-506.
 51. *Daypro [package insert]*. New York, NY: G. D. Searle LLC, Division of Pfizer Inc; 2016.
 52. *Zolofit [package insert]*. New York, NY: Roerig, a division of Pfizer Inc; 2014.
 53. Blank A, Hellstern V, Schuster D, et al. Efavirenz treatment and false-positive results in benzodiazepine screening tests. *Clin Infect Dis.* 2009;48(12):1787-1789.
 54. Fraser AD, Meatherall R. Comparative evaluation of five immunoassays for the analysis of alprazolam and triazolam metabolites in urine: effect of lowering the screening and GC-MS cut-off values. *J Anal Toxicol.* 1996;20(4):217-223.
 55. Fraser AD, Meatherall R. Improved cross-reactivity to alpha OH triazolam in the BMC CEDIA DAU urine benzodiazepine assay. *Ther Drug Monit.* 1998;20(3):331-334.
 56. Lum G, Mushlin B, Farney L. False-positive rates for the qualitative analysis of urine benzodiazepines and metabolites with the reformulated Abbott Multigent reagents. *Clin Chem.* 2008;54(1):220-221.
 57. Meatherall R, Fraser AD. Comparison of four immunoassays for the detection of lorazepam in urine. *Ther Drug Monit.* 1998;20(6):673-675.
 58. Nasky KM, Cowan GL, Knittel DR. False-positive urine screening for benzodiazepines: an association with sertraline? A two-year retrospective chart analysis. *Psychiatry (Edgmont).* 2009;6(7):36-39.
 59. Roder CS, Heinrich T, Gehrig AK, Mikus G. Misleading results of screening for illicit drugs during efavirenz treatment. *AIDS.* 2007;21(10):1390-1391.
 60. *Marinol [Package insert]*. Chicago, IL: AbbVie Inc; 2016.
 61. *Cesamet [Package insert]*. Somerset, NJ: Meda Pharmaceuticals Inc; 2013.
 62. Tests for drugs of abuse. *Med Lett Drugs Ther.* 2002;44(1137):71-73.
 63. Cotten SW, Duncan DL, Burch EA, Seashore CJ, Hammett-Stabler CA. Unexpected interference of baby wash products with a cannabinoid (THC) immunoassay. *Clin Biochem.* 2012;45(9):605-609.
 64. Felton D, Zitomersky N, Manzi S, Lightdale JR. 13-year-old girl with recurrent, episodic, persistent vomiting: out of the pot and into the fire. *Pediatrics.* 2015;135(4):e1060-e1063.
 65. Fraser AD, Meatherall R. Lack of interference by nabilone in the EMIT d.a.u. cannabinoid assay, Abbott TDx cannabinoid assay, and a sensitive TLC assay for delta 9-THC-carboxylic acid. *J Anal Toxicol.* 1989;13(4):240.
 66. la Porte CJ, Droste JA, Burger DM. False-positive results in urine drug screening in healthy volunteers participating in phase I studies with efavirenz and rifampin. *Ther Drug Monit.* 2006;28(2):286.
 67. Oosthuizen NM, Laurens JB. Efavirenz interference in urine screening immunoassays for tetrahydrocannabinol. *Ann Clin Biochem.* 2012;49(Pt 2):194-196.
 68. Rollins DE, Jennison TA, Jones G. Investigation of interference by nonsteroidal anti-inflammatory drugs in urine tests for abused drugs. *Clin Chem.* 1990;36(4):602-606.
 69. Rossi S, Yaksh T, Bentley H, van den Brande G, Grant I, Ellis R. Characterization of interference with 6 commercial delta9-tetrahydrocannabinol immunoassays by efavirenz (glucuronide) in urine. *Clin Chem.* 2006;52(5):896-897.
 70. Steinagle GC, Upfal M. Concentration of marijuana metabolites in the urine after ingestion of hemp seed tea. *J Occup Environ Med.* 1999;41(6):510-513.
 71. De Giorgio F, Rossi SS, Rainio J, Chiarotti M. Cocaine found in a child's hair due to environmental exposure? *Int J Legal Med.* 2004;118(5):310-312.
 72. Hickey K, Seliem R, Shields J, McKee A, Nichols JH. A positive drug test in the pain management patient: deception or herbal cross-reactivity? *Clin Chem.* 2002;48(6, Pt 1):958-960.
 73. Mazor SS, Mycyk MB, Wills BK, Brace LD, Gussow L, Erickson T. Coca tea consumption causes positive urine cocaine assay. *Eur J Emerg Med.* 2006;13(6):340-341.
 74. O'Neil MJ, Smith A, Heckelman PE, eds. *The Merck Index: An Encyclopedia of Chemicals, Drugs, and Biologicals*. 13th ed. Whitehouse Station, NJ: Merck Research Laboratories; 2001.
 75. Baden LR, Horowitz G, Jacoby H, Eliopoulos GM. Quinolones and false-positive urine screening for opiates by immunoassay technology. *JAMA.* 2001;286(24):3115-3119.
 76. Cooreman S, Deprez C, Martens F, Van Bocxlaer J, Croes K. A comprehensive LC-MS-based quantitative analysis of fentanyl-like drugs in plasma and urine. *J Sep Sci.* 2010;33(17-18):2654-2662.
 77. Daher R, Haidar JH, Al-Amin H. Rifampin interference with opiate immunoassays. *Clin Chem.* 2002;48(1):203-204.
 78. de Paula M, Saiz LC, Gonzalez-Revalderia J, Pascual T, Alberola C, Miravalles E. Rifampicin causes false-positive immunoassay results for urine opiates. *Clin Chem Lab Med.* 1998;36(4):241-243.
 79. Herrera P, Ortiz E, Tena T, Lora C. Presence of rifampicin in urine causes cross-reactivity with opiates using the KIMS method. *J Anal Toxicol.* 1995;19(3):200.
 80. Kronstrand R, Selden TG, Josefsson M. Analysis of buprenorphine, norbuprenorphine, and their glucuronides in urine by liquid chromatography-mass spectrometry. *J Anal Toxicol.* 2003;27(7):464-470.
 81. Lichtenwalner MR, Mencken T, Tully R, Petosa M. False-positive immunochemical screen for methadone attributable to metabolites of verapamil. *Clin Chem.* 1998;44(5):1039-1041.
 82. Meatherall R, Dai J. False-positive EMIT II opiates from ofloxacin. *Ther Drug Monit.* 1997;19(1):98-99.
 83. Rogers SC, Pruitt CW, Crouch DJ, Caravati EM. Rapid urine drug screens: diphenhydramine and methadone cross-reactivity. *Pediatr Emerg Care.* 2010;26(9):665-666.
 84. Straley CM, Cecil EJ, Hemiman MP. Gatifloxacin interference with opiate urine drug screen. *Pharmacotherapy.* 2006;26(3):435-439.
 85. Struemppler RE. Excretion of codeine and morphine following ingestion of poppy seeds. *J Anal Toxicol.* 1987;11(3):97-99.
 86. Syed H, Som S, Khan N, Faltas W. Doxylamine toxicity: seizure, rhabdomyolysis and false positive urine drug screen for methadone. *BMJ Case Rep.* 2009;2009. <http://dx.doi.org/10.1136/bcr.09.2008.0879>;pii: bcr09.2008.0879. Epub 2009 Mar 17.
 87. van As H, Stolk LM. Rifampicin cross-reacts with opiate immunoassay. *J Anal Toxicol.* 1999;23(1):71.
 88. Vincent EC, Zebelman A, Goodwin C, Stephens MM. Clinical inquiries: what common substances can cause false positives on urine screens for drugs of abuse? *J Fam Pract.* 2006;55(10):893-894, 897.
 89. Wang G, Huynh K, Barhate R, et al. Development of a homogeneous immunoassay for the detection of fentanyl in urine. *Forensic Sci Int.* 2011;206(1-3):127-131.
 90. Zebelman AM, Troyer BL, Randall GL, Batjer JD. Detection of morphine and codeine following consumption of poppy seeds. *J Anal Toxicol.* 1987;11(3):131-132.
 91. Bond GR, Steele PE, Uges DR. Massive venlafaxine overdose resulted in a false positive Abbott AxSYM urine immunoassay for phencyclidine. *J Toxicol Clin Toxicol.* 2003;41(7):999-1002.
 92. Geraci MJ, Peele J, McCoy SL, Elias B. Phencyclidine false positive induced by lamotrigine (Lamictal(R)) on a rapid urine toxicology screen. *Int J Emerg Med.* 2010;3(4):327-331.

93. Gupta RC, Lu I, Oei GL, Lundberg GD. Determination of phencyclidine (PCP) in urine and illicit street drug samples. *Clin Toxicol*. 1975;8(6):611-621.
94. Hull MJ, Griggs D, Knoepf SM, Smogorzewska A, Nixon A, Flood JG. Postmortem urine immunoassay showing false-positive phencyclidine reactivity in a case of fatal tramadol overdose. *Am J Forensic Med Pathol*. 2006;27(4):359-362.
95. Khajawall AM, Simpson GM. Critical interpretation of urinary phencyclidine monitoring. *Adv Alcohol Subst Abuse*. 1984; 3(3):65-73.
96. Ly BT, Thornton SL, Buono C, Stone JA, Wu AH. False-positive urine phencyclidine immunoassay screen result caused by interference by tramadol and its metabolites. *Ann Emerg Med*. 2012;59(6):545-547.
97. Penders TM, Gestring RE, Vilensky DA. Intoxication delirium following use of synthetic cathinone derivatives. *Am J Drug Alcohol Abuse*. 2012;38(6):616-617.
98. Rengarajan A, Mullins ME. How often do false-positive phencyclidine urine screens occur with use of common medications? *Clin Toxicol (Phila)*. 2013;51(6):493-496.
99. Sena SF, Kazimi S, Wu AH. False-positive phencyclidine immunoassay results caused by venlafaxine and *O*-desmethylvenlafaxine. *Clin Chem*. 2002;48(4):676-677.
100. Shannon M. Recent ketamine administration can produce a urine toxic screen which is falsely positive for phencyclidine. *Pediatr Emerg Care*. 1998;14(2):180.
101. Al-Mateen CS, Wolf CE II. Falsely elevated imipramine levels in a patient taking quetiapine. *J Am Acad Child Adolesc Psychiatry*. 2002;41(1):5-6.
102. Chattergoon DS, Verjee Z, Anderson M, et al. Carbamazepine interference with an immune assay for tricyclic antidepressants in plasma. *J Toxicol Clin Toxicol*. 1998;36(1-2):109-113.
103. Dasgupta A, Wells A, Datta P. False-positive serum tricyclic antidepressant concentrations using fluorescence polarization immunoassay due to the presence of hydroxyzine and cetirizine. *Ther Drug Monit*. 2007;29(1):134-139.
104. Fleischman A, Chiang VW. Carbamazepine overdose recognized by a tricyclic antidepressant assay. *Pediatrics*. 2001; 107(1):176-177.
105. Matos ME, Burns MM, Shannon MW. False-positive tricyclic antidepressant drug screen results leading to the diagnosis of carbamazepine intoxication. *Pediatrics*. 2000;105(5):E66.
106. Schussler JM, Juenke JM, Schussler I. Quetiapine and falsely elevated nortriptyline level. *Am J Psychiatry*. 2003;160(3):589.
107. Sloan KL, Haver VM, Saxon AJ. Quetiapine and false-positive urine drug testing for tricyclic antidepressants. *Am J Psychiatry*. 2000;157(1):148-149.
108. Sorisky A, Watson DC. Positive diphenhydramine interference in the EMIT-st assay for tricyclic antidepressants in serum. *Clin Chem*. 1986;32(4):715.
109. Van Hoey NM. Effect of cyclobenzaprine on tricyclic antidepressant assays. *Ann Pharmacother*. 2005;39(7-8):1314-1317.
110. Wians FH Jr, Norton JT, Wirebaugh SR. False-positive serum tricyclic antidepressant screen with cyproheptadine. *Clin Chem*. 1993;39(6):1355-1356.
111. Yuan CM, Spandorfer PR, Miller SL, Henretig FM, Shaw LM. Evaluation of tricyclic antidepressant false positivity in a pediatric case of cyproheptadine (peractin) overdose. *Ther Drug Monit*. 2003;25(3):299-304.
112. DrugCheck® K2/Spice Test [package insert]. Blue Earth, MN: Express Diagnostic Int'l Inc; 2012.
113. Substance Abuse and Mental Health Services Administration. *Results from the 2013 National Survey on Drug Use and Health: Summary of National Findings*. Rockville, MD: Substance Abuse and Mental Health Services Administration; 2014. HHS Publication (SMA) 14-4863. <http://www.samhsa.gov/data/sites/default/files/NSDUHresultsPDFWHHTML2013/WEB/NSDUHresults2013.pdf>. Accessed October 12, 2016.
114. National Institute on Drug Abuse. *Marijuana*. Bethesda, MD: National Institute on Drug Abuse; 2014:NIH publication 15-3859. http://www.drugabuse.gov/sites/default/files/mjmr3_3.pdf. Accessed October 12, 2016.
115. 28 legal medical marijuana states and DC: laws, fees, and possession limits. ProCon.org website. <http://medicalmarijuana.procon.org/view.resource.php?resourceID=000881>. Accessed November 18, 2016.
116. State marijuana laws in 2016 map. Governing website. <http://www.governing.com/gov-data/state-marijuana-laws-map-medical-recreational.html>. Accessed November 19, 2016.
117. Centers for Disease Control and Prevention. Inadvertent ingestion of marijuana—Los Angeles, California, 2009. *MMWR Morb Mortal Wkly Rep*. 2009;58(34):947-950.
118. Ellis GM Jr, Mann MA, Judson BA, Schramm NT, Tashchian A. Excretion patterns of cannabinoid metabolites after last use in a group of chronic users. *Clin Pharmacol Ther*. 1985;38(5): 572-578.
119. Dackis CA, Pottash AL, Annitto W, Gold MS. Persistence of urinary marijuana levels after supervised abstinence. *Am J Psychiatry*. 1982;139(9):1196-1198.
120. Hollister LE, Kanter SL. Laboratory verification of "heavy" and "light" users of cannabis. *Drug Alcohol Depend*. 1980; 5(2):151-152.
121. Lowe RH, Abraham TT, Darwin WD, Heming R, Cadet JL, Huestis MA. Extended urinary delta9-tetrahydrocannabinol excretion in chronic cannabis users precludes use as a biomarker of new drug exposure. *Drug Alcohol Depend*. 2009;105(1-2):24-32.
122. Manno JE, Manno BR, Kemp PM, et al. Temporal indication of marijuana use can be estimated from plasma and urine concentrations of delta9-tetrahydrocannabinol, 11-hydroxy-delta9-tetrahydrocannabinol, and 11-nor-delta9-tetrahydrocannabinol-9-carboxylic acid. *J Anal Toxicol*. 2001;25(7):538-549.
123. Lacey J, Brainard K, Snitow S. *Drug Per Se Laws: A Review of Their Use in States*. Washington, DC: US Department of Transportation, National Highway Traffic Safety Administration; 2010. DOT HS 811 317. http://www.nhtsa.gov/staticfiles/nti/impaired_driving/pdf/811317.pdf. Accessed October 12, 2016.
124. Huestis MA, Henningfield JE, Cone EJ. Blood cannabinoids, I: absorption of THC and formation of 11-OH-THC and THCCOOH during and after smoking marijuana. *J Anal Toxicol*. 1992;16(5):276-282.
125. Bergamaschi MM, Karschner EL, Goodwin RS, et al. Impact of prolonged cannabinoid excretion in chronic daily cannabis smokers' blood on per se drugged driving laws. *Clin Chem*. 2013;59(3):519-526.
126. Levin FR, Mariani JJ, Brooks DJ, Xie S, Murray KA. Delta9-tetrahydrocannabinol testing may not have the sensitivity to detect marijuana use among individuals ingesting dronabinol. *Drug Alcohol Depend*. 2010;106(1):65-68.
127. *Protonix Delayed-Release [package insert]*. Philadelphia, PA: Wyeth Pharmaceuticals Inc, a subsidiary of Pfizer Inc; 2014.
128. Mulé SJ, Lomax P, Gross SJ. Active and realistic passive marijuana exposure tested by three immunoassays and GC/MS in urine. *J Anal Toxicol*. 1988;12(3):113-116.
129. Perez-Reyes M, Di Guiseppi S, Mason AP, Davis KH. Passive inhalation of marijuana smoke and urinary excretion of cannabinoids. *Clin Pharmacol Ther*. 1983;34(1):36-41.
130. Cone EJ, Johnson RE, Darwin WD, et al. Passive inhalation of marijuana smoke: urinalysis and room air levels of delta-9-tetrahydrocannabinol. *J Anal Toxicol*. 1987;11(3):89-96.
131. ElSohly MA, Mehmedic Z, Foster S, Gon C, Chandra S, Church JC. Changes in cannabis potency over the last 2 decades (1995-2014): analysis of current data in the United States. *Biol Psychiatry*. 2016;79(7):613-619.
132. ElSohly MA, Ross SA, Mehmedic Z, Arafat R, Yi B, Banahan BF III. Potency trends of delta9-THC and other cannabinoids in confiscated marijuana from 1980-1997. *J Forensic Sci*. 2000;45(1):24-30.

133. Cone EJ, Bigelow GE, Hermann ES, et al. Non-smoker exposure to secondhand cannabis smoke, I: urine screening and confirmation results. *J Anal Toxicol*. 2015;39(1):1-12.
134. Hermann ES, Cone EJ, Mitchell JM, et al. Non-smoker exposure to secondhand cannabis smoke, II: effect of room ventilation on the physiological, subjective, and behavioral/cognitive effects. *Drug Alcohol Depend*. 2015;151:194-202.
135. Trescott AM, Datta S, Lee M, Hansen H. Opioid pharmacology. *Pain Physician*. 2008;11(2 Suppl):S133-S153.
136. Peppin JF, Passik SD, Couto JE, et al. Recommendations for urine drug monitoring as a component of opioid therapy in the treatment of chronic pain. *Pain Med*. 2012;13(7):886-896.
137. Drug Enforcement Administration, Department of Justice. Schedule of controlled substances: placement of tramadol into schedule IV: final rule. *Fed Regist*. 2014;79(127):37623-37630. To be codified at 21 CFR Part 1308.14.
138. Drug Enforcement Administration, Department of Justice. Schedules of controlled substances: rescheduling of hydrocodone combination products from schedule III to schedule II. *Fed Regist*. 2014;79(163):49661-49682. To be codified at 21 CFR Part 1308.
139. Gourlay DL, Heit HA, Almahrezi A. Universal precautions in pain medicine: a rational approach to the treatment of chronic pain. *Pain Med*. 2005;6(2):107-112.
140. Passik SD, Kirsh KL, Whitcomb L, et al. A new tool to assess and document pain outcomes in chronic pain patients receiving opioid therapy. *Clin Ther*. 2004;26(4):552-561.
141. Smith HS. Opioid metabolism. *Mayo Clin Proc*. 2009;84(7):613-624.
142. Smith ML, Hughes RO, Levine B, Dickerson S, Darwin WD, Cone EJ. Forensic drug testing for opiates, VI: urine testing for hydromorphone, hydrocodone, oxycodone, and oxycodone with commercial opiate immunoassays and gas chromatography-mass spectrometry. *J Anal Toxicol*. 1995;19(1):18-26.
143. Melanson SE, Snyder ML, Jarolim P, Flood JG. A new highly specific buprenorphine immunoassay for monitoring buprenorphine compliance and abuse. *J Anal Toxicol*. 2012;36(3):201-206.
144. Paul BD, Shimomura ET, Smith ML. A practical approach to determine cutoff concentrations for opiate testing with simultaneous detection of codeine, morphine, and 6-acetylmorphine in urine. *Clin Chem*. 1999;45(4):510-519.
145. Keary CJ, Wang Y, Moran JR, Zayas LV, Stern TA. Toxicologic testing for opiates: understanding false-positive and false-negative test results. *Prim Care Companion CNS Disord*. 2012;14(4). <http://dx.doi.org/10.4088/PCC.12f01371>; pii: PCC.12f01371. Epub 2012 Jul 26.
146. Cone EJ, Heit HA, Caplan YH, Gourlay D. Evidence of morphine metabolism to hydromorphone in pain patients chronically treated with morphine. *J Anal Toxicol*. 2006;30(1):1-5.
147. Chen YL, Hanson GD, Jiang X, Naidong W. Simultaneous determination of hydrocodone and hydromorphone in human plasma by liquid chromatography with tandem mass spectrometric detection. *J Chromatogr B Analyt Technol Biomed Life Sci*. 2002;769(1):55-64.
148. Oyler JM, Cone EJ, Joseph RE Jr, Huestis MA. Identification of hydrocodone in human urine following controlled codeine administration. *J Anal Toxicol*. 2000;24(7):530-535.
149. Cone EJ, Dickerson S, Paul BD, Mitchell JM. Forensic drug testing for opiates, V: urine testing for heroin, morphine, and codeine with commercial opiate immunoassays. *J Anal Toxicol*. 1993;17(3):156-164.
150. Critical issues in urinalysis of abused substances: report of the Substance-Abuse Testing Committee. *Clin Chem*. 1988;34(3):605-632.
151. Cone EJ, Fant RV, Rohay JM, et al. Oxycodone involvement in drug abuse deaths: a DAWN-based classification scheme applied to an oxycodone postmortem database containing over 1000 cases. *J Anal Toxicol*. 2003;27(2):57-67; discussion 67.
152. Samer CF, Daali Y, Wagner M, et al. Genetic polymorphisms and drug interactions modulating CYP2D6 and CYP3A activities have a major effect on oxycodone analgesic efficacy and safety. *Br J Pharmacol*. 2010;160(4):919-930.
153. Yee DA, Best BM, Atayee RS, Pesce AJ. Observations on the urine metabolic ratio of oxycodone to oxycodone in pain patients. *J Anal Toxicol*. 2012;36(4):232-238.
154. White RM, Black ML. *Pain Management Testing Reference*. Washington, DC: AAAC Press; 2007.
155. Chang KC, Huang CL, Liang HY, et al. Gender-specific differences in susceptibility to low-dose methadone-associated QTc prolongation in patients with heroin dependence. *J Cardiovasc Electrophysiol*. 2012;23(5):527-533.
156. Shaiova L, Berger A, Blinderman CD, et al. Consensus guideline on parenteral methadone use in pain and palliative care. *Palliat Support Care*. 2008;6(2):165-176.
157. Galloway FR, Bellet NF. Methadone conversion to EDDP during GC-MS analysis of urine samples. *J Anal Toxicol*. 1999;23(7):615-619.
158. Methadone/EDDP homogeneous enzyme immunoassay (HEIA™). Immunalysis Corporation website. http://immunalysis.com/wp-content/uploads/2014/05/06_MKT-1002-Methadone-EDDP-Factsheet-Ver-B-Final.pdf. Accessed October 16, 2016.
159. Alonso-Zaldivar R. FDA renews warning for powerful painkiller patch—the agency says the drug has been misused and wrongly prescribed. *Los Angeles Times*. 2007. <http://articles.latimes.com/2007/dec/22/nation/na-patch22>. Accessed October 16, 2016.
160. US Food and Drug Administration. *Information for Healthcare Professionals: Fentanyl Transdermal System*. <http://www.fda.gov/Drugs/DrugSafety/PostmarketDrugSafetyInformationforPatientsandProviders/ucm125844.htm>. Published July 15, 2015. Accessed October 16, 2016.
161. Cole JM, Best BM, Pesce AJ. Variability of transdermal fentanyl metabolism and excretion in pain patients. *J Opioid Manag*. 2010;6(1):29-39.
162. Grond S, Sablotzki A. Clinical pharmacology of tramadol. *Clin Pharmacokinet*. 2004;43(13):879-923.
163. El-Sayed AA, Mohamed KM, Nasser AY, Button J, Holt DW. Simultaneous determination of tramadol, O-desmethyldramadol and N-desmethyldramadol in human urine by gas chromatography-mass spectrometry. *J Chromatogr B Analyt Technol Biomed Life Sci*. 2013;926:9-15.
164. Perry PJ, Alexander B, Liskow BI, DeVane CL. *Psychotropic Drug Handbook*. 8th ed. Baltimore, MD: Lippincott Williams & Wilkins; 2007.
165. Jann M, Kennedy WK, Lopez G. Benzodiazepines: a major component in unintentional prescription drug overdoses with opioid analgesics. *J Pharm Pract*. 2014;27(1):5-16.
166. elSohly MA, Feng S, Salamone SJ, Wu R. A sensitive GC-MS procedure for the analysis of flunitrazepam and its metabolites in urine. *J Anal Toxicol*. 1997;21(5):335-340.
167. Lee DC. Sedative-hypnotics. In: Hoffman RS, Howland M, Lewin NA, Nelson LS, Goldfrank LR, eds. *Goldfrank's Toxicologic Emergencies*, 10e. New York, NY: McGraw-Hill; 2015. <http://accesspharmacy.mhmedical.com/book.aspx?bookid=1163>. Accessed October 16, 2016.
168. Trevor AJ. Sedative-hypnotic drugs. In: Katzung BG, Trevor AJ, eds. *Basic & Clinical Pharmacology*, 13e. New York, NY: McGraw-Hill; 2015. <http://accesspharmacy.mhmedical.com/content.aspx?bookid=11938&Sectionid=69106765>. Accessed October 19, 2016.
169. Meatherall R. Benzodiazepine screening using EMIT II and TDx: urine hydrolysis pretreatment required. *J Anal Toxicol*. 1994;18(7):385-390.
170. Meatherall R. Optimal enzymatic hydrolysis of urinary benzodiazepine conjugates. *J Anal Toxicol*. 1994;18(7):382-384.

171. Meatherall RC, Fraser AD. CEDIA dau Benzodiazepine screening assay: a reformulation. *J Anal Toxicol*. 1998;22(4):270-273.
172. West R, Pesce A, West C, et al. Comparison of clonazepam compliance by measurement of urinary concentration by immunoassay and LC-MS/MS in pain management population. *Pain Physician*. 2010;13(1):71-78.
173. Eskridge KD, Guthrie SK. Clinical issues associated with urine testing of substances of abuse. *Pharmacotherapy*. 1997;17(3):497-510.
174. Kronstrand R, Andersson MC, Ahlner J, Larson G. Incorporation of selegiline metabolites into hair after oral selegiline intake. *J Anal Toxicol*. 2001;25(7):594-601.
175. Smith ML, Nichols DC, Underwood P, et al. Methamphetamine and amphetamine isomer concentrations in human urine following controlled Vicks VapoInhaler administration. *J Anal Toxicol*. 2014;38(8):524-527.
176. Schaeffer T. Abuse-deterrent formulations, an evolving technology against the abuse and misuse of opioid analgesics. *J Med Toxicol*. 2012;8(4):400-407.
177. Cohen PA. A false sense of security? The U.S. Food and Drug Administration's framework for evaluating new supplement ingredients. *Antioxid Redox Signal*. 2012;16(5):458-460.
178. Eliason MJ, Eichner A, Cancio A, Bestervelt L, Adams BD, Deuster PA. Case reports: death of active duty soldiers following ingestion of dietary supplements containing 1, 3-dimethylamylamine (DMAA). *Mil Med*. 2012;177(12):1455-1459.
179. Gee P, Tallon C, Long N, Moore G, Boet R, Jackson S. Use of recreational drug 1,3 dimethylamylamine (DMAA) [corrected] associated with cerebral hemorrhage. *Ann Emerg Med*. 2012;60(4):431-434.
180. Goldstein RA, DesLauriers C, Burda A, Johnson-Arbor K. Cocaine: history, social implications, and toxicity: a review. *Semin Diagn Pathol*. 2009;26(1):10-17.
181. Rapuri SB, Ramaswamy S, Madaan V, Rasimas JJ, Krahn LE. "Weed" out false-positive urine drug screens: table of possible false positives. *Current Psychiatry*. 2006;5(8):107-110.
182. Reisfield GM, Haddad J, Wilson GR, et al. Failure of amoxicillin to produce false-positive urine screens for cocaine metabolite. *J Anal Toxicol*. 2008;32(4):315-318.
183. Jacobson DM, Berg R, Grinstead GF, Kruse JR. Duration of positive urine for cocaine metabolite after ophthalmic administration: implications for testing patients with suspected Homer syndrome using ophthalmic cocaine. *Am J Ophthalmol*. 2001;131(6):742-747.
184. Dasgupta A. *Beating Drug Tests and Defending Positive Results: A Toxicologist's Perspective*. New York, NY: Humana Press; 2010.
185. Substance Abuse and Mental Health Services Administration. *The DAWN Report: Emergency Department Visits Involving Phencyclidine (PCP)*. Rockville, MD: Substance Abuse and Mental Health Services Administration, Center for Behavioral Health Statistics and Quality; 2014. <http://www.samhsa.gov/data/sites/default/files/DAWN143/DAWN143/sr143-emergency-phencyclidine-2013.pdf>. Accessed October 12, 2016.
186. Modesto-Lowe V, Petry NM. Recognizing and managing "illy" intoxication. *Psychiatr Serv*. 2001;52(12):1660.
187. Peters RJ Jr, Williams M, Ross MW, Atkinson J, McCurdy SA. The use of fry (embalming fluid and PCP-laced cigarettes or marijuana sticks) among crack cocaine smokers. *J Drug Educ*. 2008;38(3):285-295.
188. Peters RJ Jr, Kelder SH, Meshack A, Yacoubian GS Jr, McCrimmons D, Ellis A. Beliefs and social norms about cigarettes or marijuana sticks laced with embalming fluid and phencyclidine (PCP): why youth use "Fry". *Subst Use Misuse*. 2005;40(4):563-571.
189. Olmedo RE. Phencyclidine and ketamine. In: Hoffman RS, Howland M, Lewin NA, Nelson LS, Goldfrank LR, eds. *Goldfrank's Toxicologic Emergencies*, 10e. New York, NY: McGraw-Hill; 2015. <http://accesspharmacy.mhmedical.com/book.aspx?bookid=1163>. Accessed October 16, 2016.
190. Weiner AL, Vieira L, McKay CA, Bayer MJ. Ketamine abusers presenting to the emergency department: a case series. *J Emerg Med*. 2000;18(4):447-451.
191. Andrade C. Intranasal drug delivery in neuropsychiatry: focus on intranasal ketamine for refractory depression. *J Clin Psychiatry*. 2015;76(5):628-631.
192. Fanta S, Kinnunen M, Backman JT, Kalso E. Population pharmacokinetics of S-ketamine and norketamine in healthy volunteers after intravenous and oral dosing. *Eur J Clin Pharmacol*. 2015;71(4):441-447.
193. Nguyen L, Marshalek PJ, Weaver CB, Cramer KJ, Pollard SE, Matsumoto RR. Off-label use of transmucosal ketamine as a rapid-acting antidepressant: a retrospective chart review. *Neuropsychiatr Dis Treat*. 2015;11:2667-2673.
194. Macher AM, Penders TM. False-positive phencyclidine immunoassay results caused by 3,4-methylenedioxypropylvalerone (MDPV). *Drug Test Anal*. 2013;5(2):130-132.
195. Substance Abuse and Mental Health Services Administration. Spice, bath salts, and behavioral health. *Advisory*. 2014;13. Substance Abuse and Mental Health Services Administration website. <http://store.samhsa.gov/shin/content/SMA14-4858/SMA14-4858.pdf>. Accessed October 16, 2016.
196. Baumann MH, Partilla JS, Lehner KR. Psychoactive "bath salts": not so soothing. *Eur J Pharmacol*. 2013;698(1-3):1-5.
197. Cameron K, Kolanos R, Vekariya R, De Felice L, Glennon RA. Mephedrone and methylenedioxypropylvalerone (MDPV), major constituents of "bath salts," produce opposite effects at the human dopamine transporter. *Psychopharmacology (Berl)*. 2013;227(3):493-499.
198. Prosser JM, Nelson LS. The toxicology of bath salts: a review of synthetic cathinones. *J Med Toxicol*. 2012;8(1):33-42.
199. Wyman JF, Lavins ES, Engelhart D, et al. Postmortem tissue distribution of MDPV following lethal intoxication by "bath salts". *J Anal Toxicol*. 2013;37(3):182-185.
200. Office of National Drug Control Policy. *Fact Sheet: Synthetic Drugs*. Washington, DC: Office of National Drug Control Policy, Executive Office of the President; 2012. https://www.whitehouse.gov/sites/default/files/ondcp/Fact_Sheets/synthetic_drugs_fact_sheet_12-6-12.pdf. Accessed November 16, 2016.
201. McGraw MM. Is your patient high on "bath salts"? *Nursing*. 2012;42(1):26-32; quiz 32-33.
202. Adamowicz P, Gil D, Skulska A, Tokarczyk B. Analysis of MDPV in blood—determination and interpretation. *J Anal Toxicol*. 2013;37(5):308-312.
203. Pearson JM, Hargraves TL, Hair LS, et al. Three fatal intoxications due to methylone. *J Anal Toxicol*. 2012;36(6):444-451.
204. Namera A, Konuma K, Kawamura M, et al. Time-course profile of urinary excretion of intravenously administered alpha-pyrrolidinovalerophenone and alpha-pyrrolidino-buthiophenone in a human. *Forensic Toxicol*. 2014;32(1):68-74.
205. Ellefsen KN, Anizan S, Castaneto MS, et al. Validation of the only commercially available immunoassay for synthetic cathinones in urine: Randox Drugs of Abuse V Biochip Array Technology. *Drug Test Anal*. 2014;6(7-8):728-738.
206. Swortwood MJ, Boland DM, DeCaprio AP. Determination of 32 cathinone derivatives and other designer drugs in serum by comprehensive LC-QQQ-MS/MS analysis. *Anal Bioanal Chem*. 2013;405(4):1383-1397.
207. Atwood BK, Huffman J, Straiker A, Mackie K. JWH018, a common constituent of "Spice" herbal blends, is a potent and efficacious cannabinoid CB₁ receptor agonist. *Br J Pharmacol*. 2010;160(3):585-593.
208. Huffman JW, Zengin G, Wu MJ, et al. Structure-activity relationships for 1-alkyl-3-(1-naphthoyl)indoles at the cannabinoid CB₁(1) and CB₂(2) receptors: steric and electronic effects of naphthoyl substituents: new highly selective CB₂(2) receptor agonists. *Bioorg Med Chem*. 2005;13(1):89-112.

209. Wohlfarth A, Scheidweiler KB, Castaneto M, et al. Urinary prevalence, metabolite detection rates, temporal patterns and evaluation of suitable LC-MS/MS targets to document synthetic cannabinoid intake in US military urine specimens. *Clin Chem Lab Med*. 2015;53(3):423-434.
210. Castaneto MS, Gorelick DA, Desrosiers NA, Hartman RL, Pirard S, Huestis MA. Synthetic cannabinoids: epidemiology, pharmacodynamics, and clinical implications. *Drug Alcohol Depend*. 2014;144:12-41.
211. Favretto D, Pascali JP, Tagliaro F. New challenges and innovation in forensic toxicology: focus on the "New Psychoactive Substances". *J Chromatogr A*. 2013;1287:84-95.
212. Wells DL, Ott CA. The "new" marijuana. *Ann Pharmacother*. 2011;45(3):414-417.
213. Johnston LD, O'Malley PM, Miech RA, Bachman JG, Schulenberg JE. *Monitoring the Future: National Survey Results on Drug Use, 1975-2015: Overview, Key Findings on Adolescent Drug Use*. Ann Arbor, MI: Institute for Social Research, the University of Michigan; 2016. <http://www.monitoringthefuture.org/pubs/monographs/mtf-overview2015.pdf>. Accessed October 12, 2016.
214. Spaderna M, Addy PH, D'Souza DC. Spicing things up: synthetic cannabinoids. *Psychopharmacology (Berl)*. 2013;228(4):525-540.
215. Synthetic Drug Abuse Prevention Act of 2012, 21 USC §§801 note, 811, 812 2012.
216. Sacco LN, Finklea K. Synthetic drugs: overview and issues for Congress*. *J Drug Addict Educ Erad*. 2012;8(4):197-211.
217. Barnes AJ, Spinelli E, Young S, Martin TM, Kleete KL, Huestis MA. Validation of an ELISA synthetic cannabinoids urine assay. *Ther Drug Monit*. 2015;37(5):661-669.
218. Walker JB, Sytsma KJ, Treutlein J, Wink M. *Salvia (Lamiaceae) is not monophyletic: implications for the systematics, radiation, and ecological specializations of Salvia and tribe Menthae*. *Am J Bot*. 2004;91(7):1115-1125.
219. Rech MA, Donahey E, Cappiello Dzedzic JM, Oh L, Greenhalgh E. New drugs of abuse. *Pharmacotherapy*. 2015;35(2):189-197.
220. McDonough PC, Holler JM, Vorce SP, Bosy TZ, Maglilo J Jr, Past MR. The detection and quantitative analysis of the psychoactive component of *Salvia divinorum*, salvinorin A, in human biological fluids using liquid chromatography-mass spectrometry. *J Anal Toxicol*. 2008;32(6):417-421.
221. Leickly E, McDonnell MG, Vilaridaga R, et al. High levels of agreement between clinic-based ethyl glucuronide (EtG) immunoassays and laboratory-based mass spectrometry. *Am J Drug Alcohol Abuse*. 2015;41(3):246-250.
222. Reisfield GM, Goldberger BA, Pesce AJ, et al. Ethyl glucuronide, ethyl sulfate, and ethanol in urine after intensive exposure to high ethanol content mouthwash. *J Anal Toxicol*. 2011;35(5):264-268.
223. Linder MW, Keck PE Jr. Standards of laboratory practice: antidepressant drug monitoring. National Academy of Clinical Biochemistry. *Clin Chem*. 1998;44(5):1073-1084.
224. Petit JM, Spiker DG, Ruwittch JF, Ziegler VE, Weiss AN, Biggs JT. Tricyclic antidepressant plasma levels and adverse effects after overdose. *Clin Pharmacol Ther*. 1977;21(1):47-51.
225. Melanson SE, Lewandrowski EL, Griggs DA, Flood JG. Interpreting tricyclic antidepressant measurements in urine in an emergency department setting: comparison of two qualitative point-of-care urine tricyclic antidepressant drug immunoassays with quantitative serum chromatographic analysis. *J Anal Toxicol*. 2007;31(5):270-275.
226. Baselt RC. *Disposition of Toxic Drugs and Chemicals in Man*. 5th ed. Foster City, CA: Chemical Toxicology Institute; 2000.

Letters

RESEARCH LETTER

Urinary Tetrahydrocannabinol After 4 Weeks of a Full-Spectrum, High-Cannabidiol Treatment in an Open-label Clinical Trial

Despite the growing popularity of cannabidiol (CBD) products, specifically those derived from legal industrial hemp sources,¹ few studies have directly assessed whether the use of high-CBD products could yield positive results on urinary drug tests assessing cannabis use through the detection of Δ^9 -tetrahydrocannabinol (Δ^9 -THC) metabolites. A recent short-term administration study found that a single exposure to vaporized CBD-dominant cannabis flower (CBD, 10.5%; Δ^9 -THC, 0.39%), which the authors noted was similar to hemp, resulted in positive drug test results (>15 ng/mL) for 2 of 6 participants within 4 to 8 hours of administration.² However, to our knowledge, no studies have examined drug test results in those consistently using full-spectrum (ie, Δ^9 -THC-containing) CBD products. Accordingly, as part of an open-label clinical trial (NCT02548559) examining the use of a full-spectrum high-CBD product for anxiety (with unpublished results as yet), we monitored THC urinary drug status.

Methods | This study was approved by the Partners Healthcare institutional review board, and all participants provided written informed consent. Study enrollment was conducted at McLean Hospital between June 2018 and February 2020. Participants were required to be 18 years or older, report at least moderate levels of anxiety assessed using well-validated measures,^{3,4} and test negative at baseline for 11-nor-9-carboxy- Δ^9 -tetrahydrocannabinol (THC-COOH), a major metabolite of Δ^9 -THC. Patients did not use cannabis and could not use any other cannabis/cannabinoid-based products throughout the 4-week trial. Women were required to have a negative pregnancy test result. Exclusion criteria included serious medical illness (eg, kidney or liver disease, neurological disorder). The open-label phase was capped at 15 participants to determine dosing and tolerability. The CONSORT guidelines were followed. A protocol is available in the Supplement.

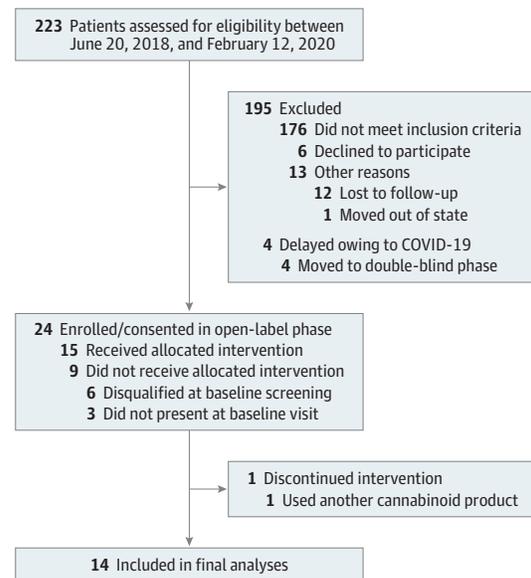
The study product was formulated using a full-spectrum, high-CBD extract containing 9.97 mg/mL of CBD (1.04%) and 0.23 mg/mL of Δ^9 -THC (0.02%), as confirmed by ProVerde Laboratories. Patients self-administered 1 mL of the study product sublingually 3 times per day, for a targeted daily dose of approximately 30 mg of CBD and less than 1 mg of Δ^9 -THC. The actual dosage was quantified using outgoing vs incoming bottle weights, cross-referenced with weekly drug diaries. Urine drug assays (a 12-panel test, waived by the Clinical Laboratory Improvement Amendments⁵) assessed the presence of THC-COOH, which was confirmed via gas chromatography-mass spectrometry (Quest Diagnostics). Exploratory logistic regres-

sion analyses (SPSS version 25 [IBM]; $\alpha = .05$, 2-tailed) assessed associations between THC-positive status, demographic variables, and creatinine, which is reflective of kidney function and hydration.

Results | Of 15 patients enrolled (11 women [79%]; 12 White individuals [86%]), 1 discontinued participation because of use of another cannabinoid product; the remaining 14 patients completed all study procedures (Figure). The study drug was well tolerated; no serious adverse events were reported, and no patients reported psychoactivity. Patients used a mean (SD) of 3.48 (0.60) mL of the study product per day, equivalent to a mean (SD) of 34.73 (6.03) mg of CBD per day and 0.80 (0.14) mg of Δ^9 -THC per day. Results revealed that after 4 weeks, 7 participants (50%) tested positive for THC-COOH, while 7 tested negative. Gas chromatography-mass spectrometry results confirmed assay findings but indicated that the drug screen was often more sensitive than its stated lower limit of detection (50 ng/mL). Participants' THC status was only significantly associated with creatinine levels (B, 1.92; $P < .001$; Table).

Discussion | The results suggest that patients consistently using full-spectrum, hemp-derived products may have positive test results for THC-COOH on a urinary drug screen. Studies with larger sample sizes are needed to more thoroughly assess which

Figure. Study Recruitment and Enrollment



CONSORT flowchart of recruitment and enrollment for the open-label phase of clinical trial NCT02548559. COVID-19 indicates coronavirus disease 2019.

Table. Demographics, Creatinine Levels, Product Use, and $\Delta 9$ -Tetrahydrocannabinol Metabolite Results Following 4 Weeks of Treatment With a Full-Spectrum, High-Cannabinoid Product^a

Participant No.	Age, decade	Education, y	BMI	Creatinine quantification by GC-MS, mg/dL	Mean product use, mL/d ^b	Urinary THC metabolite assay (THC-COOH)	
						Test result ^c	GC-MS quantification, ng/mL ^d
Individual-level data							
1	60s	19	26.30	21.50	2.32	Negative	BLQ
2	50s	12	22.30	25.70	2.69	Negative	BLQ
3	20s	16	24.80	48.30	2.91	Negative	BLQ
4	40s	18	31.63	128.56	3.19	Positive	13.10
5	60s	16	27.88	NA	3.34	Negative	NA
6	40s	16	22.46	264.81	3.37	Positive	71.50
7	20s	17	24.54	141.03	3.48	Positive	33.00
8	20s	16	20.60	53.33	3.48	Negative	8.00
9	20s	16	26.57	126.00	3.67	Positive	63.00
10	60s	18	25.82	90.22	3.69	Negative	8.30
11	60s	12	24.95	212.50	3.84	Positive	34.00
12	30s	15	30.11	107.14	3.96	Positive	30.00
13	20s	16	20.52	146.51	4.12	Positive	43.00
14	30s	18	34.54	35.70	4.70	Negative	BLQ
Summary data							
Total No. (%)	NA	NA	NA	NA	NA	7 positive: 7 negative (50:50)	NA
Mean (SD)	41.4 (16.9)	16.1 (2.1)	25.93 (4.07)	107.93 (73.54)	3.48 (0.60)	NA	35.99 (24.60)
Univariate logistic regression results^e							
B (P value)	-0.05 (.19)	-0.19 (.51)	-0.01 (.92)	1.92 (<.001)	1.17 (.28)	NA	NA
Odds ratio (95% CI)	0.95 (0.89-1.02)	0.83 (0.47-1.45)	0.99 (0.76-1.29)	6.80 (<0.01-3.33 × 10 ²³⁷)	3.21 (0.40-26.12)	NA	NA

Abbreviations: BLQ, below the limit of quantification; BMI, body mass index (calculated as weight in kilograms divided by height in meters squared); GC-MS, gas chromatography-mass spectrometry; NA, not applicable; THC-COOH, 11-nor-9-carboxy- Δ^9 -tetrahydrocannabinol.

SI conversion factor: To convert creatinine to $\mu\text{mol/L}$, multiply by 88.4.

^a Individual ages are presented by decade to protect participants' privacy and confidentiality. Individual-level data on participants' self-selected race (via the established categories and definitions from the Race and Ethnic Standards for Federal Statistics and Administrative Reporting; 12 White individuals [86%]; 2 Black individuals [14%]) and sex (11 women [79%]; 3 men [21%]) are omitted to protect privacy and confidentiality. None of these variables had a significant association with urinary THC-COOH status.

^b Participants are arranged in ascending order by the mean amount of product used.

^c Lower limit of detection of THC-COOH, 50 ng/mL.

^d One sample could not be verified via GC-MS; descriptive statistics are provided for samples with detectable levels of THC.

^e With urinary THC-COOH status as the dependent variable.

variables (product use, body mass index, age, sex, race, medication use, etc) contribute to positive findings in only some individuals, particularly those with higher creatinine levels. Importantly, the study product contained 0.02% of $\Delta 9$ -THC by weight; in the US, hemp-derived products can legally contain 0.30% or less of $\Delta 9$ -THC by weight, more than 10 times the amount of $\Delta 9$ -THC as the current study product.

Despite limitations in sample size and diversity, these findings have important public health implications. It is often assumed individuals using hemp-derived products will test negative for THC. Current results indicate this may not be true, especially if assays are more sensitive than advertised, underscoring the potential for adverse consequences, including loss of employment and legal or treatment ramifications, despite the legality of hemp-derived products.

M. Kathryn Dahlgren, PhD
Kelly A. Sagar, PhD

Ashley M. Lambros, BS
Rosemary T. Smith, BS
Staci A. Gruber, PhD

Author Affiliations: Cognitive and Clinical Neuroimaging Core, McLean Hospital Imaging Center, Belmont, Massachusetts (Dahlgren, Sagar, Lambros, Smith, Gruber); Marijuana Investigations for Neuroscientific Discovery Program, McLean Hospital Imaging Center, Belmont, Massachusetts (Dahlgren, Sagar, Lambros, Smith, Gruber); Department of Psychiatry, Harvard Medical School, Boston, Massachusetts (Dahlgren, Sagar, Gruber).

Accepted for Publication: October 9, 2020.

Corresponding Author: Staci A. Gruber, PhD, Marijuana Investigations for Neuroscientific Discovery Program, McLean Hospital Imaging Center, 115 Mill St, Belmont, MA 02478 (gruber@mclean.harvard.edu).

Open Access: This is an open access article distributed under the terms of the [CC-BY License](https://creativecommons.org/licenses/by/4.0/). © 2020 Dahlgren MK et al. *JAMA Psychiatry*.

Published Online: November 4, 2020. doi:10.1001/jamapsychiatry.2020.3567

Correction: This article was corrected on July 20, 2022, to add the trial protocol as a Supplement.

Author Contributions: Drs Dahlgren and Gruber had full access to all of the data in the study and take responsibility for the integrity of the data and the accuracy of the data analysis. Drs Dahlgren and Sagar share first authorship.

Concept and design: Dahlgren, Gruber.

Acquisition, analysis, or interpretation of data: All authors.

Drafting of the manuscript: Sagar.

Critical revision of the manuscript for important intellectual content: All authors.

Statistical analysis: Dahlgren.

Obtained funding: Gruber.

Administrative, technical, or material support: Dahlgren, Smith, Gruber.

Supervision: All authors.

Other—regulatory support: Smith.

Conflict of Interest Disclosures: Drs Dahlgren, Sagar, Lambros, Smith, and Gruber reported grants from private donations to the MIND Program during the conduct of the study and grants from the National Institute on Drug Abuse, Foria/Praxis Ventures, and Charlotte's Web outside the submitted work. Dr Gruber also reported personal fees from Fenway Health and National Academy of Neuropsychology outside the submitted work. Dr Dahlgren also reported receiving the McLean Hospital Jonathan Edward Brooking Mental Health Research Fellowship outside the submitted work. No other disclosures were reported.

Funding/Support: Funding support for this project was provided by private donations to the Marijuana Investigations for Neuroscientific Discovery program at McLean Hospital. The cannabis extract base for the study drug was provided by the National Institute on Drug Abuse.

Role of the Funder/Sponsor: The funders and sponsor had no role in the design and conduct of the study; collection, management, analysis, and interpretation of the data; preparation, review, or approval of the manuscript; and decision to submit the manuscript for publication.

Additional Contributions: We thank Christopher Hudalla, PhD, ProVerde Laboratories, for his role in providing laboratory services and consultation, and Scott Lukas, PhD, McLean Hospital, for consultation with regulatory and compliance issues. Drs Hudalla and Lukas were not compensated for their contributions to this project.

1. Hemp Farming Act, H.R.5485 C.F.R. 2018.
2. Spindle TR, Cone EJ, Kuntz D, et al. Urinary pharmacokinetic profile of cannabinoids following administration of vaporized and oral cannabidiol and vaporized CBD-dominant cannabis. *J Anal Toxicol.* 2020;44(2):109-125.
3. Beck AT, Steer RA. *Manual for the Beck Anxiety Inventory.* Psychological Corporation; 1990.
4. Norman SB, Cissell SH, Means-Christensen AJ, Stein MB. Development and validation of an Overall Anxiety Severity and Impairment Scale (OASIS). *Depress Anxiety.* 2006;23(4):245-249.
5. Quest Diagnostics. CLIA WAIVED express results integrated multi-drug screen cup. Published 2009. Accessed August 26, 2020. http://www.questdiagnostics.com/dms/Documents/Employer-Solutions/Package-inserts/pkg_insert_clia_waived/pkg_insert_clia_waived.pdf.

Cannabis-Responsive Biomarkers: A Pharmacometabolomics-Based Application to Evaluate the Impact of Medical Cannabis Treatment on Children with Autism Spectrum Disorder

Michael Siani-Rose, Stephany Cox, Bonni Goldstein, Donald Abrams, Myiesha Taylor, and Itzhak Kurek*

Abstract

Introduction: Autism spectrum disorder (ASD) is a group of neurodevelopmental conditions that impact behavior, communication, social interaction, and learning abilities. Treatment of ASD with medical cannabis (MC) shows promising results in reducing the severity of certain behavioral aspects. The goals of this observational study are to demonstrate the potential of metabolic biomarkers to (1) objectively determine the impact on metabolites of MC treatment and (2) suggest the metabolic pathways of children with ASD, who respond to MC treatment.

Materials and Methods: The impact of effective physician-supervised MC treatment on children with ASD ($n = 15$), compared with an age-matched group of typically developing (TD; $n = 9$) children, was evaluated in an observational study design. Each child followed a unique MC regimen determined by their specific response over at least 1 year of treatment, which included the following: tetrahydrocannabinol-dominant MC (dosing range 0.05–50 mg per dose) in 40% of children and cannabidiol-dominant MC (dosing range 7.5–200 mg per dose) in 60% of children. Samples from the ASD group collected pre-MC treatment and at time of maximal impact, and from the TD group, were subjected to salivary metabolomics analysis. Ten minutes before saliva sampling, parents filled out behavioral rating surveys.

Results: Sixty-five potential cannabis-responsive biomarkers exhibiting a shift toward the TD physiological levels were identified in children with ASD after MC treatment. For each biomarker, the physiological levels were determined based on the values detected in the TD group. A similar qualitative improvement trend in children with ASD treated with MC was also observed in the behavioral surveys. Twenty-three potential Cannabis-Responsive biomarkers exhibiting change toward TD mean were categorized as anti-inflammatory, bioenergy associated, neurotransmitters, amino acids, and endocannabinoids. The changes in the levels of the Cannabis-Responsive biomarkers N-acetylaspartic acid, spermine, and dehydroisoandrosterone 3-sulfate have been previously linked to behavioral symptoms commonly observed in individuals with ASD.

Conclusions: Our results suggest Cannabis-Responsive biomarkers shift toward the TD mean after MC treatment and can potentially quantify benefit at the metabolic level. These changes appear to be similar to the trend described in behavior surveys. Larger trials are needed to confirm these preliminary findings.

Keywords: medical cannabis; autism; biomarkers; metabolomics; saliva; children

Introduction

Autism spectrum disorder (ASD) is a heterogeneous group of neurodevelopmental conditions characterized by deficits in social interaction and communication and restricted, repetitive, and/or stereotyped patterns of behavior.¹ It is a lifelong condition with onset through a cascade of biological processes or environmental factors such as inflammation or oxidative stress, ultimately leading to a pleiotropic metabolic effect resulting in high heterogeneity in the forms of ASD.^{2,3}

ASD prevalence is continuously increasing; as of 2016, 1 in 54 children were diagnosed by age 8 in the U.S. population.⁴ ASD is diagnosed through an extensive evaluation of the child's developmental history, parental reports, and in-person behavioral assessment by a qualified clinician.⁵ Although primarily treated through educational and behavioral services,⁶ 48% of diagnosed children also use prescription drugs, including stimulants, antidepressants, antipsychotics, anticonvulsants, and antianxiety medication to reduce behavioral symptoms such as hyperactivity, irritability, and aggression.⁷

Medical cannabis (MC) shows potential for treating children with ASD. In 2010, Kurz and Blaas⁸ demonstrated the effectiveness of dronabinol (a synthetic form of delta-9-tetrahydrocannabinol [THC]) as a supplementary therapy in a single-case study of a child with ASD. Schleider et al.⁹ showed that MC treatment with 30% cannabidiol (CBD) and 1.5% THC was well tolerated, safe, and effective in children with ASD, with a significant positive impact on quality of life, mood, ability to concentrate, sleep, and performance of daily activities. Low THC and high CBD formulations can also improve behavioral outbursts, anxiety, and communication in children with ASD.¹⁰

MC treatment for children with ASD is a challenging process for clinicians and families. There is no existing methodology to objectively quantify the impact of MC on the child and current methods require parental involvement, which may affect the behavior of the child and therefore interfere with the outcome. Personalization of treatment based on the analysis of information extracted from metabolite profiles of saliva (pharmacometabolomics) presents an opportunity to maximize treatment efficacy and reduce potential side effects.

Metabolomics, a high-throughput method to evaluate the concentration of metabolites, is routinely used to quantify the response of an individual to physiological or pathophysiological changes.¹¹ Metabolic-based biomarkers from urine, plasma, and tissues have emerged as tools for the development of biomarkers

for screening and diagnosis of ASD in children.¹² Furthermore, changes in urinary metabolite levels have been successfully used to demonstrate the potential of metabolomics in conjunction with behavioral observation to elucidate the impact of antioxidants on clinical improvements of children with ASD.¹³

Developing Cannabis-Responsive biomarkers is the first step to objectively quantify the impact of MC treatment. It also presents an opportunity to better understand the mechanism of action of active cannabinoids on symptoms of ASD. To demonstrate the potential of quantified Cannabis-Responsive biomarkers to assess the impact of MC treatment, and to gain insight on the possible mechanism of action, we conducted an observational study of 15 children with ASD, successfully treated with MC.

The objectives of this pilot study were to (1) identify Cannabis-Responsive biomarkers, namely metabolites that change pre- and post-MC treatment; (2) determine if changes in the Cannabis-Responsive biomarkers shift the levels toward the physiological values found in the typically developing (TD) control group; (3) confirm that MC treatment reduces the presence, severity, and/or frequency of social-emotional and/or behavioral difficulties, as reported by parental observation; (4) determine if the Cannabis-Responsive biomarkers are common to all or some of the children with ASD (metabolomics profile); and (5) determine if the Cannabis-Responsive biomarkers suggest mechanism of action.

Materials and Methods

Participants

Children with ASD were recruited through CannaCenters Wellness and Education (Lawndale, CA) or Whole Plant Access for Autism (WPA4A, a 501c3 nonprofit company, Canyon Lake, CA). The inclusion criteria included the following: (1) ASD diagnosed by a qualified medical or behavioral health clinician (e.g., psychologist, psychiatrist, and pediatrician); (2) MC treatment under physician supervision as permitted by California law with signs of improvement based on parental reports; (3) age between 6 and 12 years; and (4) ability to donate saliva without discomfort using the passive drool method and providing up to four samples.

The exclusion criteria were as follows: (1) children who require cannabis more frequently than every 8 h; (2) traumatic brain injury with any known cognitive consequence or loss of consciousness for more than 5 min; and (3) diagnosed with epilepsy.

Age-matched TD control group was recruited through local online parent groups. The inclusion criteria were as follows: (1) age between 6 and 12 years; (2) no individual or immediate family history of established or suspected medical diagnoses and/or developmental disabilities (e.g., autism, attention deficit hyperactivity disorder, intellectual disability, epilepsy, and genetic disorders); and (3) participant has never received special education evaluations and/or services (Individualized Education Program, 504 Plan).

The study protocol was reviewed and approved by Ethical & Independent Review Services, an Association for the Accreditation of Human Research Protection Programs, Inc. (AAHRPP) certified institutional review board (ref 20114-01X). Parents/guardians of participating children signed an informed consent form and TD children from the control group signed an assent form.

Study design

The impact of MC treatment on children with ASD was studied in an observational study design. To ensure maximal reproducibility of study outcomes, parents of children from both groups were instructed to collect samples in the morning.

In this observational study, all children with ASD were treated with tested MC products available through the CA Medical Marijuana program, as described in Table 1. Children were not treated with MC for at least 8 h before the study (washout period), allowing decay of the previous cannabis treatment, and did not eat and drink foods with high sugar, acidity, and

caffeine content at least 1 h before saliva collection. Saliva samples before MC treatment (“PRE”) were collected as follows: (1) mouth rinsing 20 min before saliva collection; (2) completion of brief behavioral survey by the parent 10 min before dose of MC; and (3) saliva collection using Saliva Passive Drool Collection Kit (Salimetrics, LLC, Carlsbad, CA).

Saliva samples post-MC treatment were collected at “PEAK”—approximately 90 min after MC treatment, when treatment was reported by parents as time of maximal impact. For each treatment, sampling procedures were the same as pre-treatment. Similarly, the TD group provided saliva sample in the morning.

Untargeted metabolomic analysis

Sample collection. Saliva samples were collected using the Passive Drool Collection Kit paired with the 2 mL SalivaBio cryovials according to instructions provided by the manufacturer (Salimetrics Carlsbad, CA; Salimetrics LLC; <https://salimetrics.com/saliva-collection-handbook>).

Immediately after collection, saliva was stored temporarily (up to 24 h) at -20°C , and then at -80°C until mass spectrometry analysis was performed by Human Metabolome Technologies, Inc. (Tsuruoka, Japan).

Metabolite analysis. Samples were thawed on ice and divided into two tubes for untargeted metabolomics analysis using the Dual Scan package of Human Metabolome Technologies, Inc. Capillary electrophoresis-time-of-flight-mass spectrometry (CE-TOF-MS) and

Table 1. Treatment Characteristics of the Autism Spectrum Disorder Group

Description				Cannabinoid content (mg) per treatment						
ID no.	Age (year)	Gender	Dosage/day (times)	Method	THC	CBD	CBG	CBN	THCA	CBDA
A01	6	Boy	2 (M, N)	Edible	1				17	
A02	7	Boy	3 (M, N, E)	Tincture	10	30		30		
A03	7	Boy	1 (M)	Edible ^a	10		20			
A05	8	Boy	2 (M, N)	Tincture	1		20		15	
A06	8	Boy	2 (M, N)	Tincture	10	35				
A08	9	Boy	2 (M, N)	Edible ^a	5	100	20			
A09	10	Girl	3 (M, N, E)	Tincture	50					75
A11	10	Girl	1 (M)	Tincture	3	50				
A12	11	Boy	1 (M)	Edible ^a		60	50			
A13	11	Boy	2 (M, N)	Edible		85	25			
A14	11	Boy	2 (M, N)	Edible ^a	10	100				
A15	11	Boy	2 (M, N)	Tincture		200				
A16	12	Boy	3 (M, N, E)	Edible ^a	15	7.5				
A17	12	Boy	2 (M, N)	Tincture	4.5	10		3		
A18	12	Boy	2 (M, N)	Tincture	0.05				5	12

^aIndicates children treated with tincture together with food, which is considered an edible delivery. MC treatment time morning (M), noon (N), and evening (E) are indicated.

CBD, cannabidiol; CBDA, cannabidiolic acid; CBG, cannabigerol; CBN, cannabinol; MC, medical cannabis; THC, tetrahydrocannabinol; THCA, tetrahydrocannabinolic acid.

rapid resolution liquid chromatography–time-of-flight-mass spectrometry (RRLC-TOF-MS) were conducted as follows: (1) CE-TOF-MS-based metabolomics was carried out using the Agilent 7100 Capillary Electrophoresis System (Agilent Technologies, Inc., Santa Clara, CA) and fused silica capillary i.d. 50 μm \times 80 cm column.

Samples (40 μL and 10 mL Milli-Q water containing 1000 μM internal standards) were mixed and filtered through a 5-kDa cutoff filter (ULTRAFREE-MC-PLHCC, Human Metabolome Technologies, Inc.) to remove macromolecules; and (2) RRLC-TOF-MS-based metabolomics was carried out using Agilent 1200 series RRLC system SL (Agilent Technologies, Inc., Santa Clara, CA) and ODS column, 2 \times 50 mm, 2 μm and (Agilent Technologies, Inc.). Samples (60 μL sample, 40 μL of Milli-Q water, and 300 μL of methanol containing 4 μM internal standards) were centrifuged (2300 g, 4°C, 5 min) and the supernatant was desiccated and resuspended in 200 μL of 50% isopropanol and Milli-Q water (v/v) immediately before metabolite analysis.

Peaks detected in the CE-TOF-MS and liquid chromatography–time-of-flight-mass spectrometry (LC-TOF-MS) were analyzed using automatic integration software (MasterHands ver. 2.18.0.1 developed at Keio University).¹⁴

Putative metabolites were assigned from the Human Metabolome Technologies, Inc., standard library, and Known-Unknown peak library on the basis of m/z and migration time (MT), with tolerance of ± 0.5 min in MT and \pm mass error of 10 ppm in m/z for CE-TOF-MS, and on the basis of m/z and retention time (RT) with tolerance of ± 0.3 min in RT and ± 25 ppm for LC-TOF-MS. Putative metabolites were subjected to quality control analysis, including baseline subtraction, dataset normalization, and alignment visualization on two-dimensional plots (m/z and time axis) with matching metabolite standards, and detection of significant differences between metabolites.

Data analysis

The children with ASD in this study were successfully being treated with MC under physician supervision for at least 1 year, with each taking different cannabinoid content and dosages based on their individual responses as described in Table 1.

Therefore, we considered each child as independent case to demonstrate the presence of potential cannabis-responsive biomarkers in response to different commercially available products, with the limitations of small

sample size as reflected in our workflow: (1) identify metabolites that change $[(\text{PEAK} - \text{PRE})/\text{PRE}]$ using CountPatientDiffUpDowns algorithm; (2) per each metabolite from (1), the impact of MC treatment was binned by the number of standard deviation (SDEV; z -scores) against the metabolite's TD control group using the ComparePatientToNeurotypic algorithm.

This algorithm also sorts the metabolites and defines cannabis-responsive biomarkers according to the parameters defined below; (3) p -value was calculated using t -test on PRE to PEAK values of relative peak area to identify potential cannabis-responsive biomarkers that are common to the cohort of children with ASD.

This methodology allowed us to (1) identify highly abundant potential cannabis-responsive biomarkers covering more than half of the children, the main criterion in developing pharmacodynamics biomarkers, and (2) identify potential cannabis-responsive biomarkers that respond differently to different MC treatments based on the relative change toward the physiological levels determined by the TD control group.

The algorithms developed by Cannformatics, Inc., (San Francisco, CA) are described in detail in Supplementary Data S1. Briefly, (1) CountPatientDiffUpDowns counts the number of ASD children who show a relative increase or decrease in the concentration of particular metabolites after treatment with relevant cannabis product and (2) ComparePatientToNeurotypic calculates the mean (MEAN) relative to the mean and SDEV of the nine TD individuals. The algorithm then bins the ASD subject PRE and PEAK values relative to the TD mean and SDEVs (± 0.5 SDEV, ± 1.0 SDEV, ± 2.0 SDEV, and ± 4.0 SDEV) for each individual metabolite. This permits us to calculate the movement (difference) from PRE to PEAK relative to the TD mean for each metabolite.

This effectively determines the direction vector (toward, away, or no movement) relative to the TD mean values for each metabolite. The two algorithms allow us to assess each biomarker according to its abundance (number of children) and impact (z -values), essential criteria in defining cannabis-responsive biomarkers.

This setup limited the statistical significance of the cannabis-responsive biomarkers because (1) each child was treated with different cannabinoid combinations that affect differently the outcomes at PRE and (2) we do not know at this stage if every biomarker detected can reach the physiological levels detected in the TD group for the type of ASD.

Behavioral evaluation

Parents of the ASD group and TD control group completed the following rating forms about their child's social, emotional, and behavioral functioning: (1) adaptive Behavior Assessment System, Third Edition¹⁵ (ABAS-3); (2) Behavior Assessment System for Children, Third Edition¹⁶ (BASC-3); and (3) Social Responsiveness Scale, Second Edition¹⁷ (SRS-2). These rating forms served as a baseline evaluation of typical, daily functioning for subjects over the last several months.

Parents of children in the ASD group also completed a brief survey at time points corresponding to saliva collection (PRE and PEAK). These brief Likert scale surveys captured observational parent report of frequency and/or severity of pre-identified behaviors and/or social-emotional functioning: emotional regulation, behavioral regulation, negative behaviors, restricted/repetitive behaviors, attention, social initiation/response, anxiety, depression/low mood, and adaptive functioning.

Results

Eighteen children with ASD participated in the sample collection and 15 provided sufficient saliva for untargeted metabolomics analysis. Survey ratings were completed for all 15 children in the ASD group, behavioral rating forms were completed for 14. All nine untreated children in the TD group participated and provided sufficient saliva and completed rating forms. The average age was 9.4 years for the ASD group and 9.3 years for TD group and the ratio of boys:girls was 8:1 in both groups. The MC content, treatment regimen, gender, and ages for the ASD group are described in Table 1.

Impact of MC treatment on ASD

Parent ratings of symptoms consistent with ASD (SRS-2), indicated all subjects exhibit clinically social impairment (Total Score): 11 were in the severe range, 1 in the moderate range, and 2 in the mild range (Supplementary Data S2). Parent ratings of the TD group ($n=9$) did not endorse clinically significant concerns for attention, anxiety, depression, externalizing behaviors, or atypicality, or for symptoms consistent with ASD. The impact of MC treatment on the behavior of children with ASD was assessed using parent observational surveys completed at PRE and PEAK.

Of those reporting difficulties in the following areas, parents reported improvement in emotional regulation (86.7%); behavioral regulation (86.7%); negative behav-

iors (i.e., outbursts, tantrums, and aggression; 76.9%); attention (92.6%), and restricted/repetitive behaviors (73.3%) (Supplementary Data S3). Overall, based on parent survey responses, 11 children generally improved, two had mixed response, and two exhibited increased difficulties at PEAK on the day of saliva collection.

MC treatment shifts the levels

of cannabis-responsive biomarkers toward their TD physiological levels

Untargeted metabolomics of PRE and PEAK samples in the ASD and TD groups detected 484 known metabolites consisting of 145 and 339 using RRLC-TOF-MS and time-of-flight-mass spectrometry systems, respectively. CountPatientDiffUpDowns and ComparePatientToNeurotypic analysis of the metabolites identified 65 ASD cannabis-responsive biomarker leads. Since each of these 65 leads was identified in 8–15 children with ASD, we identified a total of 868 data points representing 65 potential ASD cannabis-responsive biomarkers in our dataset. Thirty-one (48%) metabolites were detected in all the participants and 21 (32%) exhibited significant change ($p < 0.05$) (Supplementary Data S1).

As shown in Figure 1A, MC treatment resulted in an increase from 19% at PRE to 36% at PEAK for z -scores in ± 0.5 SDEV and a decrease from 15% at PRE to 6% at PEAK in the number of metabolites with z -score values higher than 4 SDEV and lower than -4 SDEV. In combination, the positive impact of MC treatment affected the levels of potential ASD cannabis-responsive biomarkers by adjusting the levels toward the TD range. All 65 selected metabolites exhibited the trend of shifting the value toward the TD range (± 2 SD).

The pictograph in Figure 1B describes the z -score value of each potential ASD cannabis-responsive biomarker in children with ASD PRE (red) and PEAK (blue) MC treatment. The intensity of color represents the number of children who lie within the column specified by number of SDEV from the TD mean. Comparison between PRE to PEAK clearly shows that potential cannabis-responsive biomarkers in children with ASD move toward the central column (± 0.5 SD) after MC treatment.

This illustrates the potential of MC treatment to drive the potential cannabis-responsive biomarkers toward the physiological level determined by the TD group (TD range). The potential cannabis-responsive biomarkers in Figure 1B were sorted based on the stringency of the tightening toward the TD range.

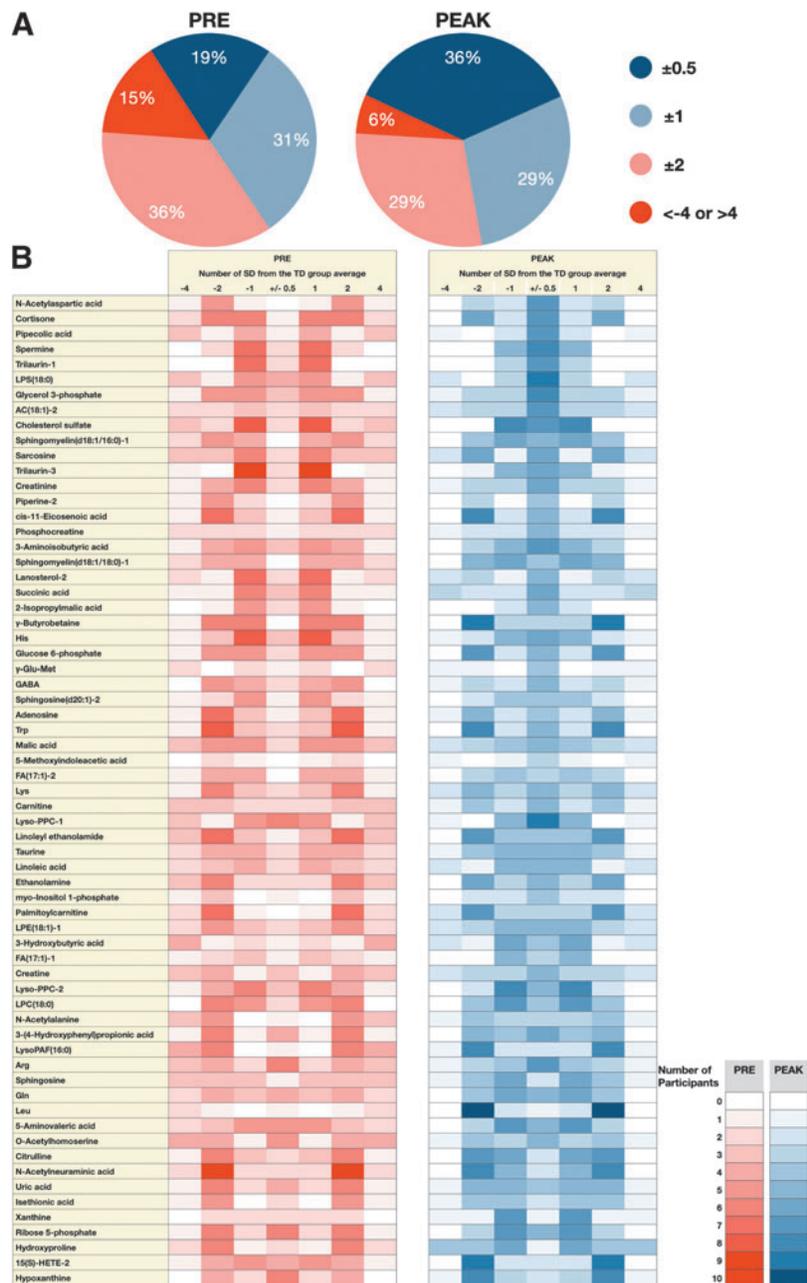


FIG. 1. Effect of MC treatment on z-score values of potential cannabis-responsive biomarkers: an overview **(A)** and specific **(B)** changes in children with ASD. **(A)** Proportion of z-score values pre-treatment and at Peak. Dark blue and light blue are considered within the TD physiological range, while dark red is significantly outside the TD physiological range. **(B)** Pictograph of the number of children for each potential cannabis-responsive biomarker pre-MC treatment (red) and at Peak (blue) time point. The intensity of red and blue represents the number of participants in each range, which is indicated in the right-hand side scales. Dark blue and light blue are considered within the TD physiological range, while dark red is significantly outside the TD physiological range. ASD, autism spectrum disorder; MC, medical cannabis; TD, typically developing. Color images are available online.

Potential cannabis-responsive biomarkers associated with ASD symptoms

N-Acetylaspartic acid (NAA), the highly abundant neurochemical in the brain that correlates with neuronal integrity,¹⁸ exhibited the highest number of children with ASD moving to the tightest TD range (mean ± 0.5 SD).

As illustrated in Figure 2A and Table 2, no child with ASD was in the physiological range of ± 0.5 SDEV, and only one was in the ± 1 SDEV range at PRE. Eight children with ASD were greater than 4 SDEV from the TD range. MC treatment (PEAK) significantly ($p=0.011$) shifted the NAA levels toward the TD physiological range with seven children moving into the ± 0.5 SDEV range and two into the ± 1 SDEV range, indicating a significant impact of MC on the movement toward the TD mean. Due to the small sample size ($n=15$), we could not determine correlations to age, gender, and cannabinoid content on the impact of NAA levels.

Spermine, the inflammatory pain inducer¹⁹ found in very high levels in four children (A2, A13, A15, A16, and A18), was reduced from 2 to 24 SDEV above the TD mean at PRE toward ± 1 SD from the TD mean at PEAK ($p=0.05$) (Fig. 2B). MC treatment showed a slight increase in subjects A5 and A11 by shifting up spermine z -score levels from -1 SDEV to -0.5 SDEV. MC treatment did not change z -scores for subjects A1, A6, A14, and A17 at their z -score levels. Although, spermine did not exhibit a significant p -value, it may be a useful biomarker in a subset of children with ASD who experience pain.

Dehydroepiandrosterone sulfate (DHEA-S) serves as precursors in the adrenal glands to male androgens and female active estrogens. Since high levels of DHEA-S are associated with aggression in psychiatric disorders, we examined these levels in our study.^{20,21} Although DHEA-S did not meet our criteria of change in at least nine children, we found three out of seven, who were 11–12 years old (A15, A16, and A18), exhibited very high levels, suggesting an association of DHEA-S with age (Fig. 2C). DHEA-S levels were reduced at PEAK, but remain higher than the TD group.

Other potential cannabis-responsive biomarkers

The main potential cannabis-responsive biomarkers exhibiting major or significant changes ($p \leq 0.05$ in bold, italic) include metabolites with roles in inflammation, bioenergetics, amino acid metabolism, neuronal activity, and the endocannabinoid system (Fig. 3). An additional large group of lipids will be described elsewhere (Siani-Rose et al., article in preparation).

Figure 3 highlights the potential cannabis-responsive biomarkers exhibiting the largest shifts toward TD mean at PEAK. Since this study did not determine the hierarchy among the potential cannabis-responsive biomarkers, we counted the number of z -scores in each category ($> \pm 4$ SDEV; $< \pm 4$ SDEV; $> \pm 2$ SDEV; $< \pm 2$ SDEV; $> \pm 1$ SDEV; $< \pm 1$ SDEV; $> \pm 0.5$ SDEV; and $< \pm 0.5$ SDEV). There appear to be four subgroups (color coded) based on the high z -score values identified at PRE (A18 and A15), (A2, A13, and A16), (A5, A17, A8, A11, A9, A3, A14, and A6), and (A1 and A12). The total number of potential cannabis-responsive biomarkers exhibiting TD physiological levels ($Z[\text{Pk}] \leq \pm 1$) at PEAK may evaluate the impact of specific MC treatments.

With the limitations described below, MC treatment exhibited a high impact across different suggested groups/forms of ASD (A18, A5, A11, A6, and A12). Multiple comparisons did not show statistical difference between these small groups in which only eight potential biomarkers exhibit p -values lower than 0.05.

Discussion

There is growing evidence that MC can successfully alleviate behavioral symptoms of children with ASD.²² The lack of objectively quantified data regarding effectiveness, safety, and mechanism of action makes it difficult to determine the effectiveness of the treatment.²³ For example, current methods do not characterize the pathophysiology of inflammation, pain, cellular energy, and neurotransmitter regulation.

Metabolic biomarkers offer an attractive method to quantify, stratify, and personalize the MC treatment for individuals with ASD. The quantitative data accumulated from biomarkers to form metabolic profiles, known as pharmacometabolomics, is an emerging approach to personalized medicine.¹¹ The goals of this study were to demonstrate the potential capabilities of a new class of metabolites, cannabis-responsive biomarkers, to objectively assess the impact of MC treatment and to investigate the metabolic pathways affected by MC treatment. To focus solely on these goals, we chose children with ASD who are successfully being treated with MC supervised by medical doctors.

A biomarker is “a defined characteristic that is measured as an indicator of normal biological processes, pathogenic processes, or responses to an exposure or intervention, including therapeutic interventions,”²⁴ which can be categorized by subtype such as diagnostic, monitoring, pharmacodynamic/response, and

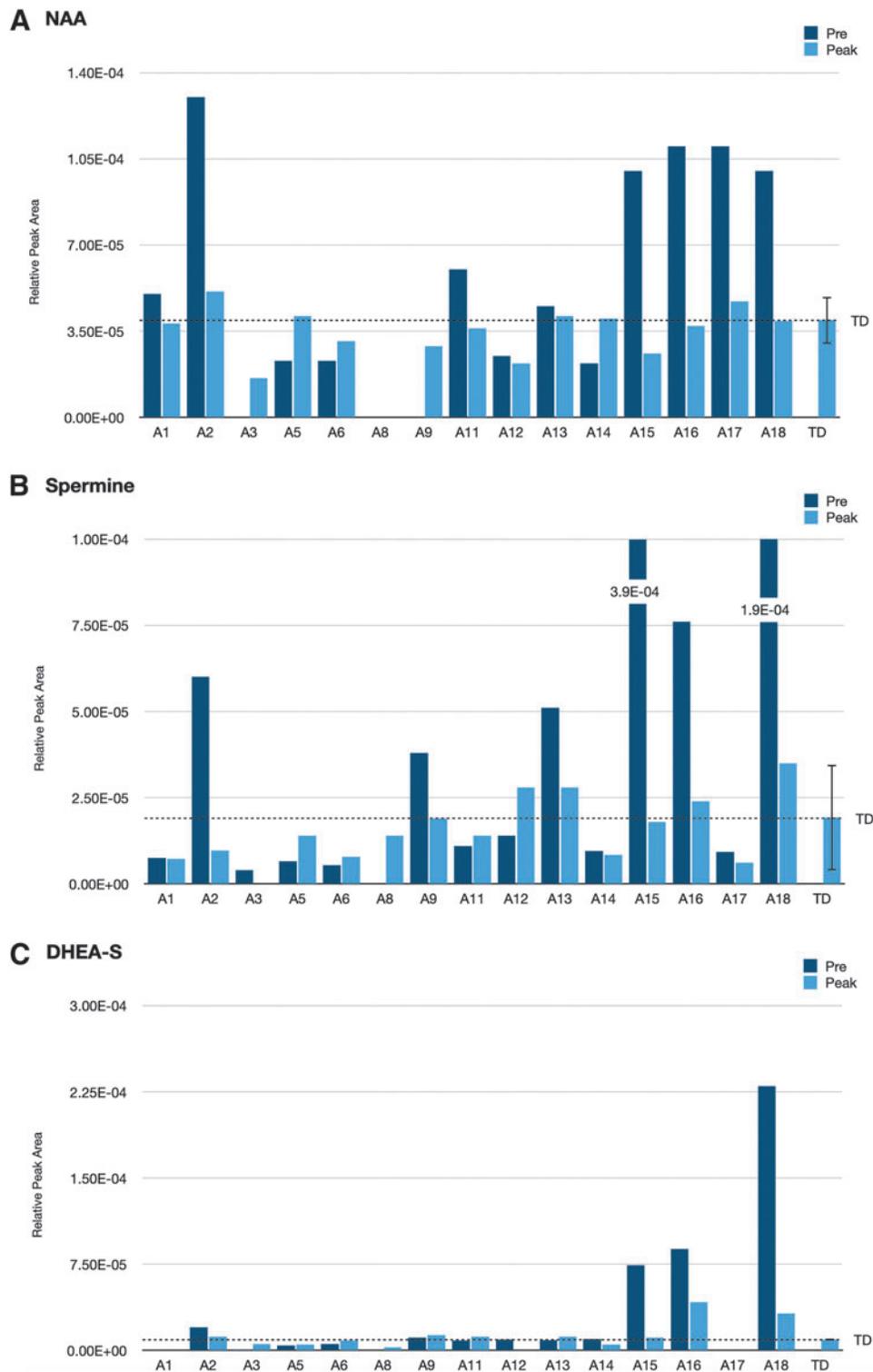


FIG. 2. Child-specific quantitation of the specific potential cannabis-responsive biomarkers: **(A)** NAA, **(B)** Spermine, and **(C)** DHEA-S. Children with ASD are sorted by age from age 6 to 12 years. Each child A1–A18 has two bars: dark blue represents concentration before treatment (baseline) and light blue represents concentration after treatment. The average of the TD group with \pm SD (dashed line) represents the neurotypic physiologic range. DHEA-S, dehydroepiandrosterone sulfate; NAA, N-Acetylaspartic acid. Color images are available online.

Table 2. N-Acetylaspartic Acid Analysis Using the ComparePatientToNeurotypic Algorithm

Bins TD range	No. of ASD children (PRE)	No. of MC-treated ASD children (within range)	Final MC-treated number (PEAK)
Mean ± 0.5	0	7	7
Mean ± 1.0	1	9 (2 additional)	2
Mean ± 2.0	7	12 (3 additional)	3
Mean ± 04.0	7	12 (0 additional)	0
Mean > 4.0	8	3 (reduction)	3
Total	15 Children		15 Children

ASD, autism spectrum disorder; TD, typically developing.

predictive.²⁵ All the 65 potential cannabis-responsive biomarkers identified in this study are pharmacodynamic/response biomarkers whose levels change in response to MC treatment and may be extremely important for clinical evaluation and development of new treatment. In addition, NAA, spermine, DHEA-S, and cortisone found in this group may also be associated with clinical symptom(s)/phenotype.

NAA, a key metabolite found ubiquitously in neuronal cells, is considered a specific biomarker for neuronal number and viability,²⁶ with roles in neuronal metabolism, integrity, and energy.²⁷ The PRE NAA levels revealed two

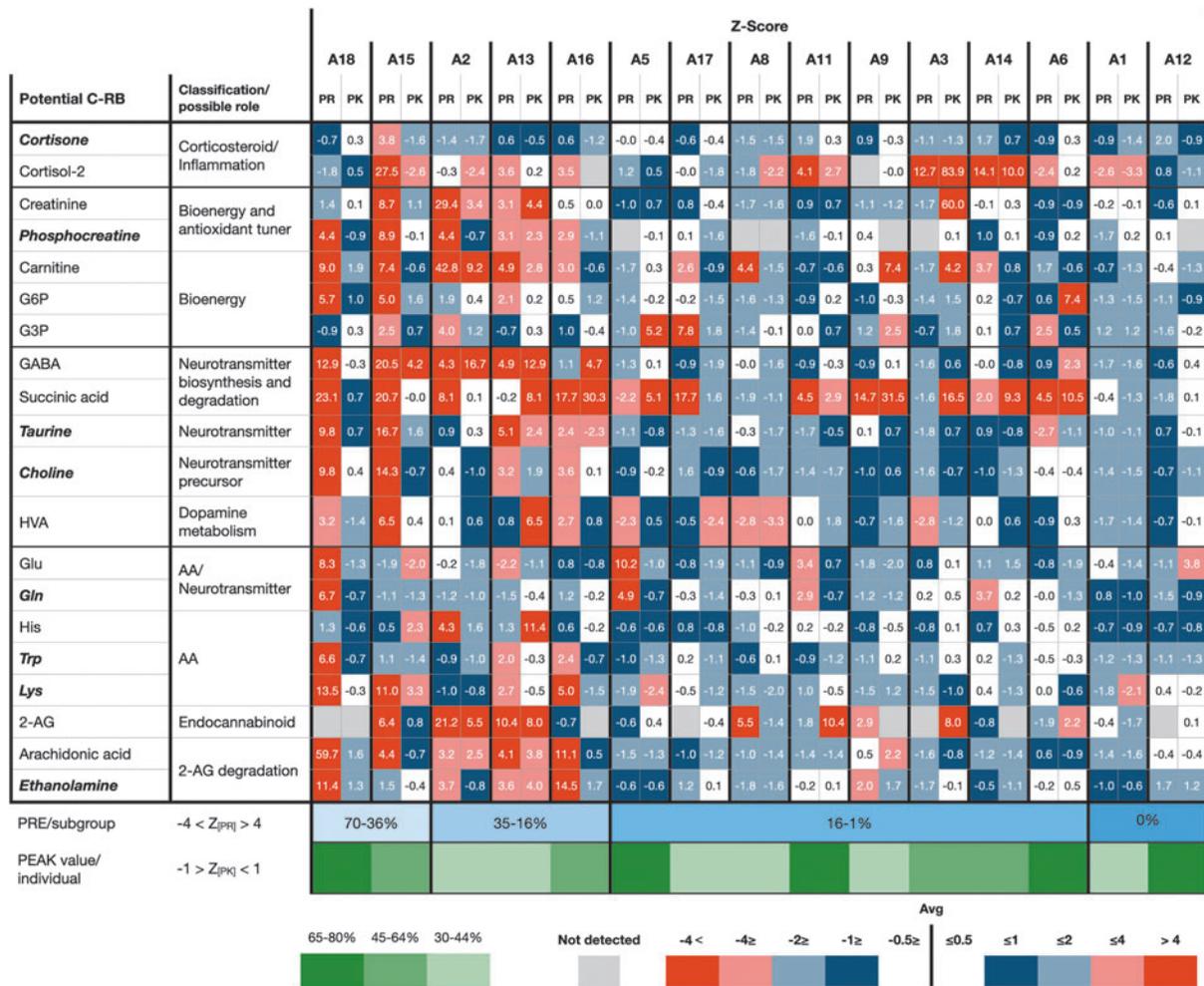


FIG. 3. Pictograph of metabolic profile of potential cannabis-responsive biomarker color-coded levels in response to MC treatment represented by z-score values at PRE (PR) and PEAK (PK) time points in children with ASD. Significant impact ($p \leq 0.05$) of MC on potential cannabis-responsive biomarkers is indicated in bold italic. Color images are available online.

distinct groups that have either significantly higher (>3 SDEV) or just below/in the range of the TD (± 1 SDEV) (Fig. 2A). We observed a striking modulation of NAA levels toward TD levels at PEAK, where treatment reduced the levels in the first group and increased in the second, suggesting stabilization of NAA levels. A previous study suggested that significant reduction of NAA levels, detected by functional magnetic resonance imaging, in the left frontal cortex compared to high-functioning controls may reflect early brain growth dysregulation and ongoing neuroinflammatory processes.¹⁸

The study also indicated that reduced levels of NAA in ASD were related to neurofunctional abnormalities. While Kleinhans et al.¹⁸ presented neuron-focused measurements, we detected NAA levels in saliva, which represent systemic levels and most likely show different trends. Although most studies reported low levels of NAA in individuals with ASD, a significantly higher pre-frontal lobe concentration of NAA has been reported in subjects with Asperger syndrome.²⁸

Spermine, a major central nervous system polyamine, was shown to induce nociceptive pain through the transient receptor potential vanilloid subtype 1 (TRPV1) receptor in mice under inflammatory conditions with a twofold higher potency than the polyamine putrescine.²⁹ High spermine levels of 2–24 SDEV above the TD mean were detected in six children with ASD (A2, A13, A15, A16, and A18), and two of them (A15 and A18) also exhibited high levels of putrescine (3 SDEV and 6 SDEV above the TD mean, respectively) (data not shown).

Both spermine and putrescine levels were shifted toward the TD mean levels at PEAK, and may suggest an anti-hyperalgesic response to CBD and cannabidiolic acid (CBDA). Although CBD and CBDA are known agonists of TRPV1, it has been suggested that CBD can potentially inhibit or desensitize TRPV1 signaling, resulting in an antihyperalgesic response.³⁰

The gamma aminobutyric acid (GABA) receptor A (GABA_A) agonist DHEA-S, which plays an important role in aggressive behavior in avian and mammalian species,²¹ was found in high levels in saliva of children with ASD.³¹ In our study, subjects A15, A16, and A18 showed high salivary DHEA-S levels at PRE, which were reduced at PEAK toward the TD levels.

NAA, DHEA-S, and spermine are reported to have either neuroprotective or antioxidative properties.^{32,33} When compared to the TD group, subjects A15, A16, and A18 (boys ages 11–12 years) were found to exhibit significantly elevated PRE levels of all three potential

cannabis-responsive biomarkers: NAA: 7–8 SDEV; spermine: 4–24 SDEV; and DHEA-S: 16–51 SDEV. The levels detected at PEAK represent a decrease of 9- to 14-fold in NAA, 12- to 124-fold in spermine, and 2- to 8-fold in DHEA-S, indicating that MC treatment, specifically CBD and CBDA, has neuroprotective and/or antioxidative actions.^{34,35}

A notable change in the levels of ethanolamine and a trend in GABA were detected in response to MC treatment (Fig. 3). 2-Arachidonoylglycerol, arachidonic acid, oleoylethanolamide, palmitoylethanolamide, and linoleoyl ethanolamide were detected, but not impacted by MC treatment (data not shown). Since endocannabinoids are generated on demand and any excess is quickly inactivated and degraded, it is possible that saliva samples collected about 90 min post-MC treatment (PEAK) are not the correct time point and biofluid to evaluate endocannabinoids that are continuously regulated in the brain.

We also found a tightly regulated Glu:Gln ratio with a slight decrease in most of the children (Supplementary Data S4), which was also inconsistent with the ratio reported previously in plasma of children with ASD.³⁶

Limitations

Although we identified some potential cannabis-responsive biomarkers that exhibit significant changes in both PRE and PEAK by shifting the levels toward the TD mean values, we must consider several limitations in this study.

First, the small sample size of children successfully treated with MC in this study did not cover the heterogeneity of the ASD population and cannot indicate that MC provides a solution for all clinical phenotypes of ASD, nor does it show a shift of all biomarkers toward the TD physiological levels. Also, this small sample size did not allow us to associate the content of cannabinoids to the biomarker responses. Second, we conducted an observational study where children with ASD were treated with off-the-shelf MC. Some doses were measured using a dropper, which may not be accurate. Third, we gave equal impact to all the potential cannabis-responsive biomarkers.

As we continue to grow our database, it will be possible to stratify and focus on specific biomarkers related to the metabolic pathways affected by ASD and the clinical phenotype. Fourth, since we used saliva as the biofluid, we cannot rule out that the biomarker changes observed are not in their physiological context. Fifth, since a child's behavior is influenced by environmental

factors and varies from day to day, our saliva samples and surveys may not represent the full range of behaviors for each child.

Conclusions

Taken collectively, the data presented demonstrate the potential of pharmacometabolomics to identify metabolic biomarkers that respond to MC treatment, which may be used to construct metabolic profiles for future personalization of MC treatment in children with ASD. This is the first study to define salivary ASD Cannabis-Responsive biomarkers as measurable metabolites found in saliva of children with ASD that change in response to MC and can objectively quantify the impact of the treatment. These biomarkers may assist in diagnosis, discovery of therapeutic mechanisms of action, and influence treatment of ASD in the future.

Cannabis-responsive biomarkers can be expanded beyond ASD to any medical condition treated by at least one cannabinoid. As cannabis-responsive metabolic profiles are collected and developed, we hope to predict the optimal cannabinoid profile and dosage for each individual based on a pre-dose sample.

Authors' Contributions

M.S.R., S.C., B.G., D.A., M.T., and I.K. designed the study and prepared the article; M.S.R., S.C., and I.K. analyzed the data; and M.S.R. and I.K. performed the experiments and collected the data.

Acknowledgments

The study authors wish to recognize the contribution of Cannformatics cofounders Mr. Kenneth Epstein and Mr. Robert McKee, JD, MSTC, CIPP. Mr. Epstein managed participant communications and sample collection. Mr. McKee developed artificial intelligence-based data analysis and provided ongoing legal guidance. We are deeply grateful to the children and their families who participated in this study. We also thank Mr. Ray Mirzabegian from Canniatric, and Mrs. Rhonda Moeller and Mrs. Jenni Mai from Whole Plant Access for Autism (WPA4A) for their financial support and assistance. We thank Dr. Rahul Atmaramani for critical review and helpful discussion.

Author Disclosure Statement

M.S.R. and I.K. are employees of Cannformatics. S.C., B.G., D.A., and M.T. are advisors to Cannformatics. B.G. is the owner and Medical Director of Cannacenters Wellness & Education, CA. S.C. is an Assistant

Professor at the Department of Pediatrics, University of California San Francisco, Benioff Children's Hospitals. D.A. is an integrative oncologist at the Department of Medicine and Professor Emeritus of Medicine, University of California San Francisco, CA; Scientific Advisor to Clever Leaves, Lumen, Maui Grown Therapies; and Speaker Honorarium at GW Pharmaceuticals. M.T. is an Emergency Medicine Physician in Sunnyvale, TX.

Funding Information

This research was funded by Cannformatics and financially supported by Canniatric (San Fernando, CA) and Whole Plant Access for Autism (WPA4A, Canyon Lake, CA).

Supplementary Material

Supplementary Data S1
Supplementary Data S2
Supplementary Data S3
Supplementary Data S4

References

1. American Psychiatric Association. Diagnostic and statistical manual of mental disorders: DSM-5. Arlington, VA: The American Psychiatric Association (APA). 2013.
2. Courchesne E, Pramparo T, Gazestani VH, et al. The ASD living biology: from cell proliferation to clinical phenotype. *Mol Psychiatry*. 2019;24:88–107.
3. Parker W, Hornik CD, Bilbo S, et al. The role of oxidative stress, inflammation and acetaminophen exposure from birth to early childhood in the induction of autism. *J Int Med Res*. 2017;45:407–438.
4. Maenner MJ, Shaw KA, Baio J. Prevalence of autism spectrum disorder among children aged 8 years—autism and developmental disabilities monitoring network, 11 sites, United States, 2016. *MMWR Surveill Summ*. 2020;69:1.
5. Huerta M, Lord C. Diagnostic evaluation of autism spectrum disorders. *Pediatr Clin North Am*. 2012;59:103.
6. Becerra TA, Massolo ML, Yau VM, et al. A survey of parents with children on the autism spectrum: experience with services and treatments. *Perm J*. 2017;21:16-009.
7. Wink LK, Plawecki MH, Erickson CA, et al. Emerging drugs for the treatment of symptoms associated with autism spectrum disorders. *Expert Opin Emerg Drugs*. 2010;15:48–494.
8. Kurz R, Blaas K. Use of dronabinol (delta-9-THC) in autism: a prospective single-case-study with an early infantile autistic child. *Cannabinoids*. 2010;5:4–6.
9. Schleider LB, Mechoulam R, Saban N, et al. Real life experience of medical cannabis treatment in autism: analysis of safety and efficacy. *Sci Rep*. 2019;9:1–7.
10. Aran A, Cassuto H, Lubotzky A, et al. Brief report: cannabidiol-rich cannabis in children with autism spectrum disorder and severe behavioral problems—a retrospective feasibility study. *J Autism Dev Disord*. 2019;49:1284–1288.
11. Balashova EE, Maslov DL, Likhov PG. A metabolomics approach to pharmacotherapy personalization. *J Pers Med*. 2018;8:28–43.
12. Glington KE, Elsea SH. Untargeted metabolomics for autism spectrum disorders: current status and future directions. *Front Psychiatry*. 2019;10:647.
13. Bent S, Lawton B, Warren T, et al. Identification of urinary metabolites that correlate with clinical improvements in children with autism treated with sulforaphane from broccoli. *Mol Autism*. 2018;9:1–12.

14. Sugimoto M, Hirayama A, Ishikawa T, et al. Differential metabolomics software for capillary electrophoresis-mass spectrometry data analysis. *Metabolomics*. 2010;6:27–41.
15. Constantino JN, Gruber CP. *Social responsiveness scale* (2nd ed.). Los Angeles, CA: Western Psychological Services. 2012.
16. Harrison PL, Oakland T. *Adaptive behavior assessment system* (3rd ed.). Los Angeles, CA: Western Psychological Services. 2015.
17. Reynolds CR, Kamphaus RW. *Behavior assessment system for children* (3rd ed.). Bloomington, MN: Pearson. 2015.
18. Kleinhans NM, Schweinsburg BC, Cohen DN, et al. N-acetyl aspartate in autism spectrum disorders: regional effects and relationship to fMRI activation. *Brain Res*. 2007;1162:85–97.
19. Silva MA, Klafke JZ, Rossato MF, et al. Role of peripheral polyamines in the development of inflammatory pain. *Biochem Pharmacol*. 2011;82:269–277.
20. Whitham JC, Bryant JL, Miller LJ. Beyond glucocorticoids: integrating dehydroepiandrosterone (DHEA) into animal welfare research. *Animals*. 2020;10:1381–1406.
21. Soma KK, Rendon NM, Boonstra R, et al. DHEA effects on brain and behavior: insights from comparative studies of aggression. *J Steroid Biochem Mol Biol*. 2015;145:261–272.
22. Silva EA, Medeiros WM, Torro N, et al. Cannabis and cannabinoid use in autism spectrum disorder: a systematic review. *Trends Psychiatry Psychother*. 2021;0:1–10.
23. Aran A, Eylon M, Harel M, et al. Lower circulating endocannabinoid levels in children with autism spectrum disorder. *Mol Autism*. 2019;10:1–11.
24. FDA-NIH Biomarker Working Group. BEST (Biomarkers, EndpointS, and other Tools) Resource. Available at: www.ncbi.nlm.nih.gov/books/NBK326791/ (last accessed January 21, 2016).
25. Califf RM. Biomarker definitions and their applications. *Exp Biol Med*. 2018;243:213–221.
26. Moffett JR, Ross B, Arun P, et al. N-Acetylaspartate in the CNS: from neurodiagnostics to neurobiology. *Prog Neurobiol*. 2007;81:89–131.
27. Baruth JM, Wall CA, Patterson MC, et al. Magnetic resonance spectroscopy as a probe into the pathophysiology of autism spectrum disorders (ASD): a review. *Autism Res*. 2013;6:119–133.
28. Murphy DG, Critchley HD, Schmitz N, et al. Asperger syndrome: a proton magnetic resonance spectroscopy study of brain. *Arch Gen Psychiatry*. 2002;59:885–891.
29. Gewehr C, da Silva MA, dos Santos GT, et al. Contribution of peripheral vanilloid receptor to the nociception induced by injection of spermine in mice. *Pharmacol Biochem Behavior*. 2011;99:775–781.
30. Anand U, Jones B, Korchev Y, et al. CBD effects on TRPV1 signaling pathways in cultured DRG neurons. *J Pain Res*. 2020;13:2269–2278.
31. Majewska MD, Hill M, Urbanowicz E, et al. Marked elevation of adrenal steroids, especially androgens, in saliva of prepubertal autistic children. *Eur Child Adolesc Psychiatry*. 2014;23:485–498.
32. Solanki RK, Sharma P, Tyagi A, et al. Serum levels of neuroactive steroids in first episode antipsychotic-naïve schizophrenic patients and its correlation with aggression: a case-control study. *East Asian Arch Psychiatry*. 2017;27:79–84.
33. Adibhatla RM, Hatcher JF, Sailor K, et al. Polyamines and central nervous system injury: spermine and spermidine decrease following transient focal cerebral ischemia in spontaneously hypertensive rats. *Brain Res*. 2002;938:81–86.
34. Habib SS, Al-Regaiey K, Bashir S, et al. Role of endocannabinoids on neuroinflammation in autism spectrum disorder prevention. *J Clin Diagn Res*. 2017;11:1–3.
35. Campos AC, Fogaça MV, Scarante FF, et al. Plastic and neuroprotective mechanisms involved in the therapeutic effects of cannabidiol in psychiatric disorders. *Front Pharmacol*. 2017;8:269–287.
36. Al-Otaish H, Al-Ayadhi L, Bjørklund G, et al. Relationship between absolute and relative ratios of glutamate, glutamine and GABA and severity of autism spectrum disorder. *Metab Brain Dis*. 2018;33:843–854.

Cite this article as: Siani-Rose M, Cox S, Goldstein B, Abrams D, Taylor M, Kurek I (2023) Cannabis-responsive biomarkers: a pharmacometabolomics-based application to evaluate the impact of medical cannabis treatment on children with autism spectrum disorder. *Cannabis and Cannabinoid Research* 8:1, 126–137, DOI: 10.1089/can.2021.0129.

Abbreviations Used

ASD = autism spectrum disorder
 CBD = cannabidiol
 CBDA = cannabidiolic acid
 CBG = cannabigerol
 CBN = cannabinol
 CE-TOF-MS = capillary electrophoresis–time-of-flight-mass spectrometry
 DHEA-S = dehydroepiandrosterone sulfate
 GABA = gamma aminobutyric acid
 LC-TOF-MS = liquid chromatography–time-of-flight-mass spectrometry
 MC = medical cannabis
 MT = migration time
 NAA = N-acetylaspartic acid
 RRLC-TOF-MS = Rapid resolution liquid chromatography–time-of-flight-mass spectrometry
 RT = retention time
 SDEV = standard deviation of the mean
 SRS-2 = social responsiveness scale, second edition
 TD = typically developing
 THC = tetrahydrocannabinol
 THCA = tetrahydrocannabinolic acid
 TRPV1 = transient receptor potential vanilloid subtype 1



A Systematic Review on the Pharmacokinetics of Cannabidiol in Humans

Sophie A. Millar^{1*}, Nicole L. Stone¹, Andrew S. Yates² and Saoirse E. O'Sullivan¹

¹ Division of Medical Sciences and Graduate Entry Medicine, School of Medicine, University of Nottingham, Royal Derby Hospital, Derby, United Kingdom, ² Artelo Biosciences, San Diego, CA, United States

Background: Cannabidiol is being pursued as a therapeutic treatment for multiple conditions, usually by oral delivery. Animal studies suggest oral bioavailability is low, but literature in humans is not sufficient. The aim of this review was to collate published data in this area.

Methods: A systematic search of PubMed and EMBASE (including MEDLINE) was conducted to retrieve all articles reporting pharmacokinetic data of CBD in humans.

Results: Of 792 articles retrieved, 24 included pharmacokinetic parameters in humans. The half-life of cannabidiol was reported between 1.4 and 10.9 h after oromucosal spray, 2–5 days after chronic oral administration, 24 h after i.v., and 31 h after smoking. Bioavailability following smoking was 31% however no other studies attempted to report the absolute bioavailability of CBD following other routes in humans, despite i.v. formulations being available. The area-under-the-curve and C_{max} increase in dose-dependent manners and are reached quicker following smoking/inhalation compared to oral/oromucosal routes. C_{max} is increased during fed states and in lipid formulations. T_{max} is reached between 0 and 4 h.

Conclusions: This review highlights the paucity in data and some discrepancy in the pharmacokinetics of cannabidiol, despite its widespread use in humans. Analysis and understanding of properties such as bioavailability and half-life is critical to future therapeutic success, and robust data from a variety of formulations is required.

Keywords: pharmacokinetics, endocannabinoid system, bioavailability, C_{max} , T_{max} , half life, plasma clearance, volume of distribution

OPEN ACCESS

Edited by:

Thomas Dorlo,
The Netherlands Cancer Institute
(NKI), Netherlands

Reviewed by:

Constantin Mircioiu,
Carol Davila University of Medicine
and Pharmacy, Romania
Plus Sedowhe Fasinu,
Campbell University, United States

*Correspondence:

Sophie A. Millar
stxsamil@nottingham.ac.uk

Specialty section:

This article was submitted to
Drug Metabolism and Transport,
a section of the journal
Frontiers in Pharmacology

Received: 19 September 2018

Accepted: 07 November 2018

Published: 26 November 2018

Citation:

Millar SA, Stone NL, Yates AS and
O'Sullivan SE (2018) A Systematic
Review on the Pharmacokinetics of
Cannabidiol in Humans.
Front. Pharmacol. 9:1365.
doi: 10.3389/fphar.2018.01365

INTRODUCTION

The *Cannabis sativa* plant contains more than a hundred phytocannabinoid compounds, including the non-psychotomimetic compound cannabidiol (CBD) (Izzo et al., 2009). CBD has attracted significant interest due to its anti-inflammatory, anti-oxidative and anti-necrotic protective effects, as well as displaying a favorable safety and tolerability profile in humans (Bergamaschi et al., 2011), making it a promising candidate in many therapeutic avenues including epilepsy, Alzheimer's disease, Parkinson's disease, and multiple sclerosis. GW pharmaceuticals have developed an oral solution of pure CBD (Epidiolex[®]) for the treatment of severe, orphan, early-onset, treatment-resistant epilepsy syndromes, showing significant reductions in seizure frequency compared to placebo in several trials (Devinsky et al., 2017, 2018a; Thiele et al., 2018). Epidiolex[®] has recently

received US Food and Drug Administration (FDA) approval (GW Pharmaceuticals, 2018). CBD is also being pursued in clinical trials in Parkinson's disease, Crohn's disease, anxiety disorder, and schizophrenia (Crippa et al., 2011; Leweke et al., 2012; Chagas et al., 2014; Naftali et al., 2017), showing promise in these areas. Additionally, CBD is widely used as a popular food supplement in a variety of formats for a range of complaints. It is estimated that the CBD market will grow to \$2.1 billion in the US market in consumer sales by 2020 (Hemp Business, 2017).

From previous investigations including animal studies, the oral bioavailability of CBD has been shown to be very low (13–19%) (Mechoulam et al., 2002). It undergoes extensive first pass metabolism and its metabolites are mostly excreted via the kidneys (Huestis, 2007). Plasma and brain concentrations are dose-dependent in animals, and bioavailability is increased with various lipid formulations (Zgair et al., 2016). However, despite the breadth of use of CBD in humans, there is little data on its pharmacokinetics (PK). Analysis and understanding of the PK properties of CBD is critical to its future use as a therapeutic compound in a wide range of clinical settings, particularly regarding dosing regimens and routes of administration. Therefore, the aim of this systematic review was to collate and analyse all available CBD PK data recorded in humans and to highlight gaps in the literature.

METHODS

Search Strategy

The systematic review was carried out in accordance with PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) guidelines (Moher et al., 2009). A systematic search of PubMed and EMBASE (including MEDLINE) was conducted to retrieve all articles reporting pharmacokinetic data of CBD in humans. Search terms included: CBD, cannabidiol, Epidiolex, pharmacokinetics, C_{max} , plasma concentrations, plasma levels, half-life, peak concentrations, absorption, bioavailability, AUC, T_{max} , C_{min} , and apparent volume of distribution. No restrictions were applied to type of study, publication year, or language. The searches were carried out by 14 March 2018 by two independent researchers.

Eligibility Criteria

The titles and abstracts of retrieved studies were examined by two independent researchers, and inappropriate articles were rejected. Inclusion criteria were as follows: an original, peer-reviewed paper that involved administration of CBD to humans, and included at least one pharmacokinetic measurement as listed in the search strategy.

Data Acquisition

The included articles were analyzed, and the following data extracted: sample size, gender, administration route of CBD, source of CBD, dose of CBD, and any pharmacokinetic details. Where available, plasma mean or median C_{max} (ng/mL) were

plotted against CBD dose (mg). Similarly, mean or median T_{max} and range, and mean or median area under the curve (AUC_{0-t}) and SD were plotted against CBD dose (mg). The source/supplier of the CBD was also recorded. No further statistical analysis was possible due to sparsity of data and heterogeneity of populations used. All studies were assessed for quality using an amended version of the National Institute for Health (NIH), National Heart, Lung and Blood Institute, Quality Assessment Tool for Before-After (Pre-Post) Studies with No Control Group (National Institute for Health, 2014). A sample size of ≤ 10 was considered poor, between 11 and 19 was considered fair, and ≥ 20 was considered good (Ogungbenro et al., 2006).

Definitions of PK Parameters

T_{max} : Time to the maximum measured plasma concentration.

C_{max} : Maximum measured plasma concentration over the time span specified.

$t_{1/2}$: Final time taken for the plasma concentration to be reduced by half.

AUC_{0-t} : The area under the plasma concentration vs. time curve, from time zero to "t."

AUC_{0-inf} : The area under the plasma concentration vs. time curve from zero to t calculated as AUC_{0-t} plus the extrapolated amount from time t to infinity.

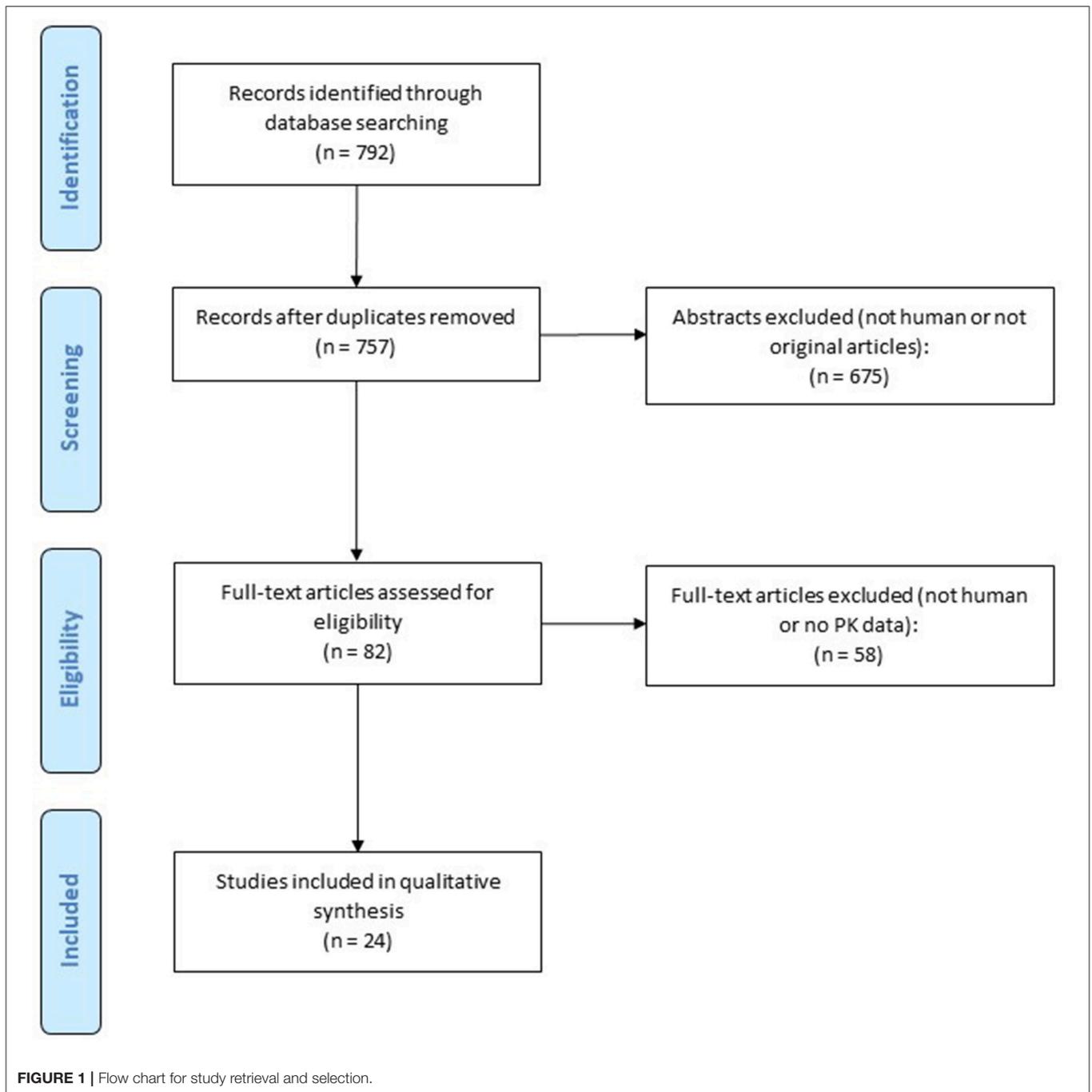
K_{el} : The first-order final elimination rate constant.

RESULTS

In total, 792 records were retrieved from the database searching, 24 of which met the eligibility criteria (**Figure 1**). **Table 1** summarizes each included study. Routes of administration included intravenous (i.v.) ($n = 1$), oromucosal spray ($n = 21$), oral capsules ($n = 13$), oral drops ($n = 2$), oral solutions ($n = 1$), nebuliser ($n = 1$), aerosol ($n = 1$), vaporization ($n = 1$), and smoking ($n = 8$). CBD was administered on its own in 9 publications, and in combination with THC or within a cannabis extract in the remainder. One study was conducted in children with Dravet syndrome, while the remainder were conducted in healthy adult volunteers (Devinsky et al., 2018b). Overall, the included studies were of good quality (**Supplementary Table 1**). However, many studies had small sample sizes. Additionally, not all studies included both males and females, and frequent cannabis smokers were included in a number of studies. Thus, interpretation and extrapolation of these results should be done with caution.

C_{max} , T_{max} , and Area Under the Curve

Within the 25 included studies, C_{max} was reported on 58 occasions (for example within different volunteer groups or doses in a single study), T_{max} on 56 occasions and area under the curve (AUC_{0-t}) on 45 occasions. These data from plasma/blood are presented in **Figures 2A–C**. The AUC_{0-t} and C_{max} of CBD is dose-dependent, and T_{max} occurs between 0 and 5 h, but does not appear to be dose-dependent.



Oromucosal Drops/Spray

A number of trials in humans were conducted by Guy and colleagues to explore administration route efficiency of sprays, an aerosol, and a nebuliser containing CBD or CBD and THC (CBD dose 10 or 20 mg) (Guy and Flint, 2004; Guy and Robson, 2004a,b). Oromucosal spray, either buccal, sublingual, or oropharyngeal administration, resulted in mean C_{max} between 2.5 and 3.3 ng/mL and mean T_{max} between 1.64 and 4.2 h. Sublingual drops resulted in similar C_{max} of 2.05 and 2.58 ng/mL and T_{max} of 2.17 and 1.67 h, respectively. Other

oromucosal single dose studies reported C_{max} and T_{max} values within similar ranges (Karschner et al., 2011; Atsmon et al., 2017b).

Minimal evidence of plasma accumulation has been reported by chronic dosing studies over 5–9 days (Sellers et al., 2013; Stott et al., 2013a). C_{max} appears to be dose-dependent. A dose of 20 mg/day resulted in a mean C_{max} of 1.5 ng/mL and mean AUC_{0-t} of $6.1 \text{ h} \times \text{ng/mL}$ while 60 mg/day equated to a mean C_{max} of 4.8 ng/mL and AUC_{0-t} was $38.9 \text{ h} \times \text{ng/mL}$ (Sellers et al., 2013). In another study, C_{max} increased dose-dependently

TABLE 1 | Human studies reporting pharmacokinetic (PK) parameters for cannabidiol (CBD).

References	Total n, sex	Administration	Source	CBD dose	Plasma ^a PK details					Other		
					T _{max} (median, range) ^b hrs	C _{max} (mean, SD) ^b ng/mL	AUC _{0-t} (mean, SD) ^b h x ng/mL	AUC _{0-inf} (mean, SD) h x ng/mL	K _{el} (mean, SD) 1/h		t _{1/2} (mean, SD) ^b h	CL/F (mean, SD) L/h
Ohlsson et al., 1986	5, M, infrequent to frequent cannabis smokers	i.v.	In lab	20 mg		686 (239)	ng/ml min x 10 ⁻³ = 16.67 (3.23)			24 (6)	74.4 (14.4)	Distribution volume: 32.7 (8.6) l/kg.
"		Smoking	In lab	19.2 ± 0.3mg		110 (55)	ng/ml min x 10 ⁻³ = 4.85 (1.72)			31 (4)		Estimated systemic availability (%) from smoking: 31 (13)
Consoer et al., 1991	15, M/F	Oral capsules	NIDA	10 mg/kg/day daily for 6 weeks						2-5 days		
Guy and Robson, 2004a	12, M/F	Oromucosal spray sublingual (CBD and THC)	GW	10 mg	1.63 (SD 0.68)	2.5 (1.83)	6.81 (4.33)	7.12 (4.31)		1.44 (0.79)		
		Oromucosal spray buccal (CBD and THC)	GW	10 mg	2.79 (SD 1.31)	3.02 (3.15)	6.4 (4.62)	6.8 (4.46)		1.81 (2.05)		
		Oromucosal spray oro-pharyngeal (CBD and THC)	GW	10 mg	2.04 (SD 1.13)	2.61 (1.91)	7.81 (5.13)	8.28 (5.32)		1.76 (0.8)		
		CBME oral capsule (CBD and THC)	GW	10 mg	1.27 (SD 0.84)	2.47 (2.23)	5.76 (4.94)	6.03 (4.97)		1.09 (0.46)		
Guy and Robson, 2004a	24, M	Oromucosal spray sublingual (CBD and THC)	GW	10 mg	4.22	3.33	11.34	11.97		1.81		
Guy and Flint, 2004	6 M/F	Nebuliser (CBD and THC)	GW	20 mg	0.6 (0.08-1)	9.49 (8.01)	9.41 (10.8)	12.11 (10.83)	0.98 (0.58)	1.1 (0.97)		
		Aerosol (with THC)	GW	20 mg	2.35 (0.75-6)	2.6 (1.38)	5.43 (5.88)	13.53 (3.64)	0.43 (0.26)	2.4 (2.02)		
		Sublingual drops (CBD)	GW	20 mg	2.17 (1-4)	2.05 (0.92)	2.60 (3.45)					
		Sublingual drops (CBD and THC)	GW	20 mg	1.67 (1-3)	2.58 (0.68)	3.49 (2.65)	9.65 (4.02)	0.37 (0.114)	1.97 (0.62)		
Nadulski et al., 2005a	24, M/F	Oral capsule (CBD and THC)	Scherer GmbH & Co. KG, Eberbach, Germany	5.4mg once a week for 3 weeks	Mean 0.99 (0.5-2)	0.93 (range 0-2.6)	Mean 4.35, range (2.7-5.6)					

(Continued)

TABLE 1 | Continued

References	Total n, sex	Administration	Source	CBD dose	Plasma ^a PK details					Other		
					T _{max} (median, range) ^b hrs	C _{max} (mean, SD) ^b ng/mL	AUC _{0-t} (mean, SD) ^b h × ng/mL	AUC _{0-inf} (mean, SD) h × ng/mL	K _{el} (mean, SD) 1/h		t _{1/2} (mean, SD) ^b h	CL/F (mean, SD) L/h
	12, M/F	Oral capsule (CBD and THC) and breakfast consumed 1 hour after	Scherer GmbH & Co. KG, Eberbach, Germany	5.4 mg once a week for 3 weeks	Mean 1.07 (0.5–2)	1.13 (range 0.39–1.9)	Mean 4.4 (range 2.5–5.3)					
Nadulski et al., 2005b	24, M/F	Cannabis extract	Sigma	5.4 mg	Mean 1.0 (0.5–2.0)	0.95 (range 0.3–2.57)						
Karschner et al., 2011	9, M/F cannabis smokers	Oromucosal spray (Sativex: CBD and THC)	GW	5 mg	3.6 (1.0–5.5)	Mean (SE): 1.6 (0.4)	4.5 (SE 0.6)					
Schwabe et al., 2011	10, M/F, usual infrequent cannabis smokers	Cannabis cigarette	NIDA	2 mg	0.25 (0.25–0.50 h) whole blood/plasma (< LOQ–3.4)	Median (range): plasma 2	18.1 (SE 3.6)					
Eichler et al., 2012	9, M	Oral capsules (CBD and THC)	Cannapharm AG	Heated CBD (27.8 mg CBD): 0.8 mg CBDA	0.83 (SD 0.17)	0.94 (0.22)	pmol h/mol 3.68 (1.34)					
				Unheated 14.8 mg CBD: 10.8 mg CBDA	1.17 (SD 0.39)	3.95 (0.92) pmol/mL	7.67 (2.06)					
Lee et al., 2012	10, M/F, cannabis smokers	Cannabis cigarette	NIDA	2 mg	Median 0.25 (oral fluid)	0.03 (oral fluid)						
Sellers et al., 2013	60, M/F	Oromucosal spray (CBD and THC)	GW	20 mg, 5 days	1.4 (0.8–4.5)	1.5 (0.78)	6.1 (5.76)	14.8 (7.87)				
	51, M/F			90 mg – 60 mg, 5 days	1.5 (0–6.45)	4.8 (3.4)	38.9 (33.75) (37.71)	60.3				
Stott et al., 2013b	12, M	Oromucosal spray (CBD and THC)	GW	10 mg (fed state)	4.00 (3.02–9.02)	3.66 (2.28)	23.13 (9.29) (8.43)	20.21	0.155 (0.089)	5.49 (2.17)	533 (318)	
Stott et al., 2013a	24, M	Oromucosal spray (CBD and THC)	GW	5 mg single dose	Mean 1.00 (0.75–1.50)	0.39 (0.08)	0.82 (0.33)	1.66 (0.51)	0.173 (0.084)	5.28 (3.28)	3,252 (1,002)	
				10 mg single dose	Mean 1.39 (0.75–2.25)	1.15 (0.74)	4.53 (3.53)	5.64 (4.09)	0.148 (0.079)	6.39 (4.48)	2,546 (1,333)	
				20 mg single dose	Mean 1.00 (0.75–1.75)	2.17 (1.23)	9.94 (9.02)	13.28 (12.86)	0.123 (0.097)	9.36 (6.81)	3,783 (4,299)	

(Continued)

TABLE 1 | Continued

References	Total n, sex	Administration	Source	CBD dose	Plasma ^a PK details					Other		
					T _{max} (median, range) ^b hrs	C _{max} (mean, SD) ^b ng/mL	AUC _{0-t} (mean, SD) ^b h x ng/mL	AUC _{0-inf} (mean, SD) h x ng/mL	K _{el} (mean, SD) 1/h		t _{1/2} (mean, SD) ^b h	CL/F (mean, SD) L/h
				5 mg, 9 days	Mean 1.64 (1.00–4.02)	0.49 (0.21)	2.52 (0.73)					
				10 mg, 9 days	Mean 1.27 (0.75–2.52)	1.14 (0.86)	6.66 (3.10)					
				20 mg 9 days	Mean 2.00 (1.02–6.00)	3.22 (1.90)	20.34 (7.29)					
Stott et al., 2013c	36, M	Oromucosal spray (CBD and THC)	GW	10 mg (3 groups)	1.00 (0.50–4.00); 1.38 (0.75–6.00); 1.15 (0.50–3.02)	1.03 (0.81); 0.66 (0.37); 0.63 (0.43)	3.23 (2.13); 1.82 (1.03); 1.83 (1.19)	5.10 (3.06); 3.54 (0.80); 3.00 (1.43)	0.148(0.108); 0.122 (0.111); 0.224 (0.158)	10.86(12.71); 7.81 (3.00); 5.22 (4.51)	2817 (1913); 2998 (896); 4,741 (3,835)	Varea/F (L): 28312 (19355); 31994 (12794); 26298 (14532)
Newmeyer et al., 2014	24, M/F, frequent or occasional cannabis smokers	Cannabis cigarette (frequent smokers)	NIDA	15 mg	4.5 (1.2–5.6)	Mean (SE): 6.7 (2.0)	Median (range): 29 (4.7–211)					
		Cannabis cigarette (occasional smokers)		2 ± 0.6 mg	0.5 (0.5–1)	Median (range): 14.8 (1.4–162)	Median (range): 11.6 (4.1–185)					
Desrosters et al., 2014	21, M/F frequent and occasional smokers	Cannabis cigarette (frequent smokers)	NIDA	2 mg	0.5 (0.0–1.1)	1.1 (0.0–1.6)						
		Cannabis cigarette (occasional smokers)		2 mg	0 (0–500)	0 (0–1300)						
Manini et al., 2015	17, M/F	Oral capsules Co-administered with i.v. fentanyl	GW	400 mg	3 and 1.5 (plasma) and 6 and 2 (urine)	Plasma: 181.2 (39.8) and 114.2 (9.5); Urine: 4600 and 2900	704 (283) and 482 (314) mcg*hr/dL					
				800 mg	3 and 4 (plasma) and 4 and 6 (urine)	Plasma: 221 (35.6) and 157.1 (49.0); Urine: 3700 and 2800	867 (304) and 722 (443) mcg*hr/dL					

(Continued)

TABLE 1 | Continued

References	Total n, sex	Administration	Source	CBD dose	T _{max} (median, range) ^b hrs	C _{max} (mean, SD) ^b ng/mL	Plasma ^a PK details			Other
							AUC _{0-t} (mean, SD) ^b h x ng/mL	AUC _{0-inf} (mean, SD) h x ng/mL	K _{el} (mean, SD) 1/h	
Haney et al., 2016	8, M/F cannabis smokers	Oral capsules	STI pharmaceuticals	800 mg	Mean 3 (2–6)	77.9 (range 1.6–271.9)				
Cherniakov et al., 2017a	9, M	Oral capsules with piperine pro-nanoliposomes (CBD and THC) Oromucosal spray (CBD and THC; Sativex®)	STI pharmaceuticals	10 mg	1 (0.5–1.5)	2.1 (0.4)	6.9 (1.3)			
Swortwood et al., 2017	20, M/F Cannabis smokers	Cannabis cigarettes – frequent smokers Cannabis cigarettes – occasional smokers Cannabis containing brownie – frequent smokers Cannabis containing brownie – occasional smokers Vaporization – frequent smokers Vaporization – occasional smokers	NIDA NIDA NIDA NIDA Volcano® Medic, Storz & Bickel, Tuttingen, Germany Volcano® Medic, Storz & Bickel, Tuttingen, Germany	1.5 mg 1.5 mg 1.5 mg 1.5 mg 1.5 mg	Mean 0.29 (0.17–1.5) (oral fluid) Mean 0.17 (oral fluid) Mean 0.53 (0.17–1.5) (oral fluid) Mean 0.47 (0.17–1.5) (oral fluid) Mean 0.29 (0.17–1.5) (oral fluid)	93.3 (range 0.65–350) (oral fluid) 55.9 (range 2.5–291) (oral fluid) 8.0 (range 0.48–26.3) (oral fluid) 5.9 (range 2.1–11.4) (oral fluid) 76.3 (range 2.3–339) (oral fluid)				
Atsmon et al., 2017b	15, M	CBD extract >93% in a PTL101 formulation (oral gelatin matrix pellet technology) Sublingual/buccal	AIFame-AI Lab GmbH (CBD), Gelbell AG (capsules)	10 mg	3.0 (2.0–4.0)	3.22 (1.28)	9.64 (3.99)	10.31 (4.14)	2.95 (2.58)	
				100 mg	3.5 (1.5–5.0)	47.44 (20.14)	149.54 (34.34)	153.04 (34.7)	3.59 (0.26)	

(Continued)

TABLE 1 | Continued

References	Total n, sex	Administration	Source	CBD dose	Plasma ^a PK details					Other	
					T _{max} (median, range) ^b hrs	C _{max} (mean, SD) ^b ng/mL	AUC _{0-t} (mean, SD) ^b h × ng/mL	AUC _{0-inf} (mean, SD) ^b h × ng/mL	K _{el} (mean, SD) 1/h		t _{1/2} (mean, SD) ^b h
		Oromucosal spray (CBD and THC)	GW	10 mg	3.5 (1.0–5.0)	2.05 (1.1)	7.3 (2.86)	7.81 (2.81)	0.33 (0.09)	2.31 (0.72)	
Atsmon et al., 2017a	15, M	CBD and THC in a PTL401 capsule (self-emulsifying oral drug delivery system)	STI pharmaceuticals	10 mg	1.25 (0.5–4.0)	2.94 (0.73)	9.85 (4.47)	10.52 (4.53)	0.29 (0.17)	3.21 (1.62)	
Devinsky et al., 2018b	34, children	Oral solution	GW	2.5 mg			70.23 (mean from 3 groups)				
				5 mg/kg/day			241				
				10 mg/kg/day			722				
				20 mg/kg/day			963				

^{a,b} Unless otherwise stated. PK, pharmacokinetics; CBD, cannabidiol; THC, Tetrahydrocannabinol; M, male; F, female; AUC, area under the curve; Conc., concentration; GW, GW pharmaceuticals; NIDA, US national institute on drug abuse; LOQ, limit of quantification; IV, intravenous; CBME, cannabis based medicine extract; Min(s), min(s).

from 0.4 to 1.2 and 2.2 ng/mL following 5, 10, and 20 mg single doses, respectively, and from 0.5 to 1.1 and 3.2 ng/mL, respectively following chronic dosing over 9 consecutive days (Stott et al., 2013a). There was a significant increase in time-dependent exposure during the chronic treatment. Mean AUC_{0-t} for the single doses were 0.8, 4.5, 9.9, and 2.5, 6.7, and 20.3 for the chronic dosing schedule, respectively. T_{max} does not appear to be dose-dependent, nor affected by acute or chronic dosing schedules.

Stott et al. reported an increase in CBD bioavailability under fed vs. fasted states in 12 men after a single 10 mg dose of CBD administered through an oromucosal spray which also contained THC (Stott et al., 2013a,b). Mean AUC and C_{max} were 5- and 3-fold higher during fed conditions compared to fasted (AUC_{0-t} 23.1 vs. 4.5; C_{max} 3.7 vs. 1.2 ng/mL). T_{max} was also delayed under the fed state (4.0 vs. 1.4 h).

In children, Devinsky et al. reported mean AUC as 70, 241, 722, and 963 h × ng/mL in groups receiving 2.5, 5, 10, and 20 mg/Kg/day of CBD in oral solution (Devinsky et al., 2018b).

Oral Intake

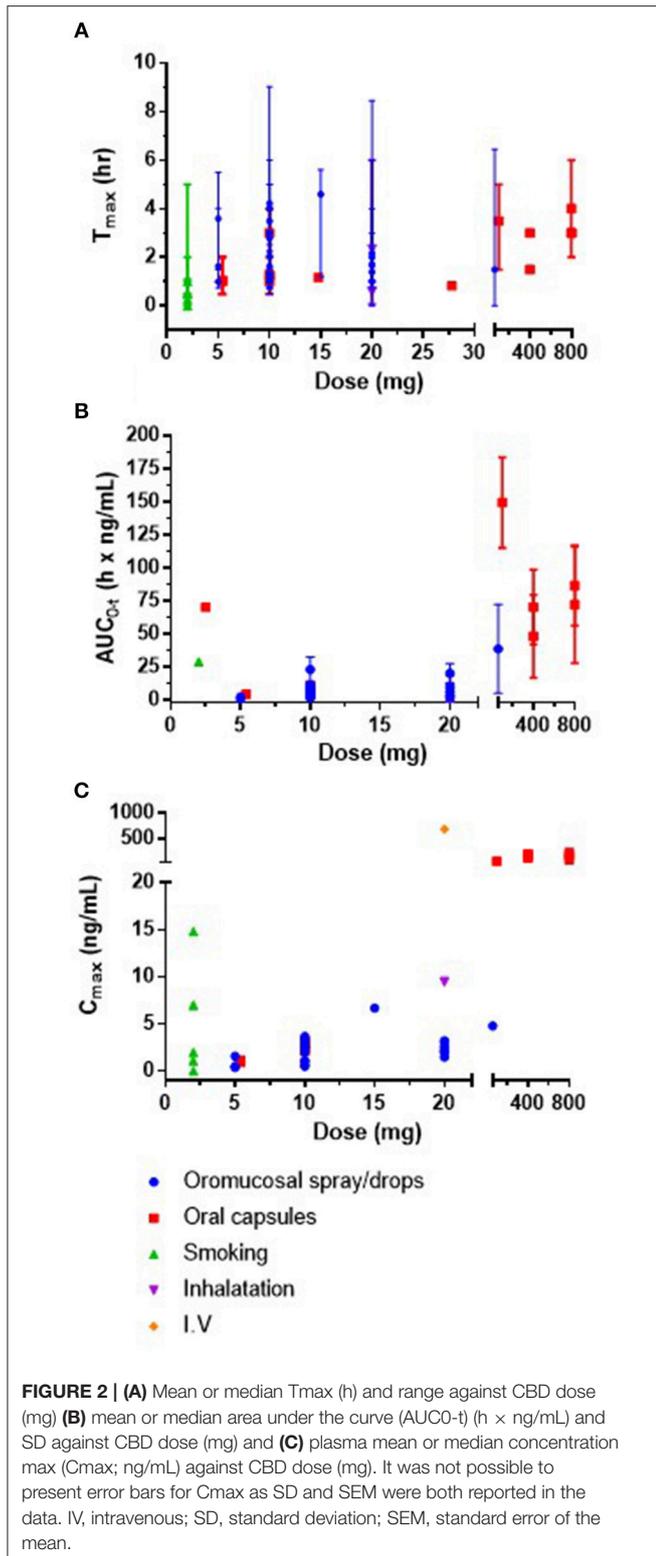
C_{max} and AUC following oral administration also appears to be dose dependent. A dose of 10 mg CBD resulted in mean C_{max} of 2.47 ng/mL at 1.27 h, and a dose of 400 or 800 mg co-administered with i.v. fentanyl (a highly potent opioid) to examine its safety resulted in a mean C_{max} of 181 ng/mL (at 3.0 h) and 114 ng/mL (at 1.5 h) for 400 mg, and 221 ng/mL (at 3.0 h) and 157 ng/mL (at 4.0 h) for 800 mg, in 2 sessions, respectively (Guy and Robson, 2004b; Manini et al., 2015). A dose of 800 mg oral CBD in a study involving 8 male and female cannabis smokers, reported a mean C_{max} of 77.9 ng/mL and mean T_{max} of 3.0 h (Haney et al., 2016). Although, an increase in dose corresponds with an increase in C_{max}, the C_{max} between the higher doses of CBD does not greatly differ, suggesting a saturation effect (e.g., between 400 and 800 mg).

One hour after oral capsule administration containing 5.4 mg CBD in males and females, mean C_{max} was reported as 0.93 ng/mL (higher for female participants than male) (Nadulski et al., 2005a). A subset (n = 12) consumed a standard breakfast meal 1 h after the capsules, which slightly increased mean C_{max} to 1.13 ng/mL. CBD remained detectable for 3–4 h after administration (Nadulski et al., 2005b).

Cherniakov et al. examined the pharmacokinetic differences between an oromucosal spray and an oral capsule with piperine pro-nanolipospheres (PNL) (both 10 mg CBD) in 9 men. The piperine-PNL oral formulation had a 4-fold increase in C_{max} (2.1 ng/mL vs. 0.5 ng/mL), and a 2.2-fold increase in AUC_{0-t} (6.9 vs. 3.1 h × ng/mL), while T_{max} was decreased (1.0 vs. 3.0 h) compared to the oromucosal spray (Cherniakov et al., 2017a). This group further developed self-emulsifying formulations and reported again an increased bioavailability and increased C_{max} within a shorter time compared to a reference spray (Atsmon et al., 2017a,b).

Intravenous Administration

The highest plasma concentrations of CBD were reported by Ohlsson et al. following i.v. administration of 20 mg of



deuterium-labeled CBD. Mean plasma CBD concentrations were reported at 686 ng/mL (3 min post-administration), which dropped to 48 ng/mL at 1 h.

Controlled Smoking and Inhalation

After smoking a cigarette containing 19.2 mg of deuterium-labeled CBD, highest plasma concentrations were reported as 110 ng/mL, 3 min post dose, which dropped to 10.2 ng/mL 1 h later (Ohlsson et al., 1986). Average bioavailability by the smoked route was 31% (Ohlsson et al., 1986). A nebuliser resulted in a C_{max} of 9.49 ng/mL which occurred at 0.6 h, whereas aerosol administration produced C_{max} (2.6 ng/mL) at 2.35 h (Guy and Flint, 2004). In 10 male and female usual, infrequent cannabis smokers, C_{max} was 2.0 ng/mL at 0.25 h after smoking a cigarette containing 2 mg of CBD (Schwope et al., 2011). CBD was detected in 60% of whole blood samples and in 80% of plasma samples at observed C_{max} , and no longer detected after 1.0 h. A study in 14 male and female cannabis smokers reported 15.4% detection in frequent smokers with no CBD detected in occasional smokers in whole blood analysis (Desrosiers et al., 2014). In plasma however, there was a 53.8 and 9.1% detection in the frequent and occasional groups, with corresponding C_{max} of 1.1 ng/mL in the frequent group, and below limits of detection in the occasional group.

Half-Life

The mean half-life ($t_{1/2}$) of CBD was reported as 1.1 and 2.4 h following nebuliser and aerosol administration (20 mg) (Guy and Flint, 2004), 1.09 and 1.97 h following single oral administration (10 and 20 mg) (Guy and Flint, 2004; Guy and Robson, 2004b), 2.95 and 3.21 h following 10 mg oral lipid capsules (Atsmon et al., 2017a,b), between 1.44 and 10.86 h after oromucosal spray administration (5–20 mg) (Guy and Robson, 2004b; Sellers et al., 2013; Stott et al., 2013a,b; Atsmon et al., 2017b), 24 h after i.v. infusion, 31 h after smoking (Ohlsson et al., 1986), and 2–5 days after chronic oral administration (Consroe et al., 1991).

Elimination Rate

Mean elimination rate constant (K_{el} [1/h]) has been reported as 0.148 in fasted state, and 0.155 in fed state after 10 mg CBD was administered in an oromucosal spray also containing THC (Stott et al., 2013a,b). After single doses of 5 and 20 mg CBD, mean K_{el} (1/h) was reported as 0.173 and 0.123 (Stott et al., 2013a). Following 20 mg CBD administration through a nebuliser and pressurized aerosol, mean K_{el} was reported as 0.98 and 0.43, respectively, while 20 mg CBD administered as sublingual drops was reported as 0.37 (Guy and Flint, 2004).

Plasma Clearance

Plasma apparent clearance, CL/F (L/h) has been reported to range from 2,546 to 4,741 in a fasted state following 10 mg CBD administered via oromucosal spray (Stott et al., 2013a,c). This value decreases to 533 following the same concentration in a fed state (Stott et al., 2013b). A plasma apparent clearance of 3,252 and 3,783 was reported following 5 and 20 mg single doses of CBD via oromucosal spray (Stott et al., 2013a). Ohlsson et al. reported plasma apparent clearance as 74.4 L/h following i.v. injection (Ohlsson et al., 1986).

Volume of Distribution

Mean apparent volume of distribution (V/F [L]) was reported as 2,520 L following i.v. administration (Ohlsson et al., 1986). Following single acute doses through oromucosal spray administration, apparent volume of distribution was reported as 26,298, 31,994, and 28,312 L (Stott et al., 2013a).

DISCUSSION

The aim of this study was to review and analyse all available PK data on CBD in humans. Only 8 publications reported PK parameters after administering CBD on its own, and the others were in combination with THC/cannabis. Only 1 study reported the bioavailability of CBD in humans (31% following smoking). From the analysis of these papers, the following observations were made; peak plasma concentrations and area under the curve (AUC) are dose-dependent and show minimal accumulation; C_{max} is increased and reached faster following i.v., smoking or inhalation; C_{max} is increased and reached faster after oral administration in a fed state or in a pro-nanoliposome formulation; T_{max} does not appear to be dose-dependent; and half-life depends on dose and route of administration. Overall, considerable variation was observed between studies, although they were very heterogeneous, and further work is warranted.

Human studies administering CBD showed that the AUC_{0-t} and C_{max} are dose-dependent, and T_{max} mostly occurred between 1 and 4 h. Animal studies in piglets, mice, and rats also all demonstrate a dose-dependent relationship between CBD and both plasma and brain concentrations (Long et al., 2012; Hammell et al., 2016; Garberg et al., 2017), suggesting that human brain concentrations will also be dose-dependent. Ten publications in this review reported the half-life of CBD which ranged from 1 h to 5 days and varies depending on the dose and route of administration. Very limited data was available for detailed analysis on the elimination rate, apparent clearance or distribution of CBD in humans.

Plasma levels of CBD were increased when CBD was administered with food or in a fed state, or when a meal is consumed post-administration. Oral capsules with piperine pro-nanoliposomes also increased AUC and C_{max} . This is also demonstrated in animal studies; co-administration of lipids with oral CBD increased systemic availability by almost 3-fold in rats (Zgair et al., 2016) and a pro-nanoliposome formulation increased oral bioavailability by about 6-fold (Cherniakov et al., 2017b). As CBD is a highly lipophilic molecule, it is logical that CBD may dissolve in the fat content of food, increasing its solubility, and absorption and therefore bioavailability as demonstrated by numerous pharmacological drugs (Winter et al., 2013). Thus, it may be advisable to administer CBD orally in a fed state to allow for optimal absorption.

Only one study used intravenous administration of CBD and reported PK details, which could be a beneficial route of administration in some acute indications. Results from other routes such as rectal, transdermal, or intraperitoneal have also not been published in humans, although transdermal CBD gel and topical creams have been demonstrated to be

successful in animal studies (Giacoppo et al., 2015; Hammell et al., 2016). Interestingly, intraperitoneal (i.p.) injection of CBD corresponded to higher plasma and brain concentrations than oral administration in mice, however in rats, similar concentrations were observed for both administration routes, and brain concentrations were in fact higher following oral compared to i.p. route (Deiana et al., 2012). No published data exists on the tissue distribution of CBD in humans. Although plasma levels of CBD do not show accumulation with repeated dosing, it is possible that there may be tissue accumulation.

Only one study in this review was conducted in children ($n = 34$) (Devinsky et al., 2018b). Children (4–10 years) with Dravet syndrome were administered an oral solution of CBD and AUC was reported to increase dose-dependently. It is important to emphasize the statement that children are not small adults, and there are many differences in their pharmacokinetic and pharmacodynamic profiles. Absorption, excretion, metabolism, and plasma protein binding are generally reduced in children compared to adults, and apparent volume of distribution is generally increased (Fernandez et al., 2011). These parameters need to be explored fully for CBD in order to understand and advise dose adjustments.

Within the adult studies, inter- and intra-subject variability was observed in studies, and it remains to be seen whether i.v. and other routes of administration that by-pass initial metabolism will alleviate this issue. Interestingly, although each of the subject's weight was taken into account, none of the studies addressed subject fat content as a factor in their exclusion criteria; as muscle can weigh more than the same proportion of fat. It is well-known that cannabinoids are highly lipophilic compounds and accumulate in fatty tissue which can then be released gradually (Gunasekaran et al., 2009). It may be of benefit in future study to either put in place more stringent exclusion criteria and measure subject fat content or assess the possible accumulation of CBD in fatty tissue. Differences in metabolism, distribution and accumulation in fat, and in biliary and renal elimination may be responsible for prolonged elimination half-life and variable pharmacokinetic outcomes. CBD use is widespread and has been recommended for use by the FDA in childhood-onset epilepsy. CBD also displays therapeutic promise in other disorders such as schizophrenia and post-traumatic stress disorder. If we are to understand the actions of CBD in those disorders and increase the success rate for treatment, these groups of patients and their distinct characteristics must be assessed as they may not be comparable to a healthy volunteer population.

A systematic review in 2014 concluded that CBD generally has a low risk of clinically significant drug-interactions (Stout and Cimino, 2014). A few studies in the current review included examination of drug-drug interactions with CBD. GW Pharmaceuticals performed a clinical trial investigating the pharmacokinetic interaction between CBD/THC spray (sativex) and rifampicin (cytochrome P450 inducer), ketoconazole, and omeprazole (cytochrome P450 inhibitors) (Stott et al., 2013c). Authors concluded overall that CBD in combination with the drugs were well-tolerated, but consideration should be noted when co-administering with other drugs using the CYP3A4

pathway. Caution is also advised with concomitant use of CBD and substrates of UDP-glucuronosyltransferases UGT1A9 and UGT2B7, and other drugs metabolized by the CYP2C19 enzyme (Al Saabi et al., 2013; Jiang et al., 2013). Manini et al. co-administered CBD with i.v. fentanyl (a high potency opioid) which was reported as safe and well-tolerated (Manini et al., 2015). In a number of trials with CBD in children with severe epilepsy, clobazam concentrations increased when CBD was co-administered and dosage of clobazam had to be reduced in some patients in one study (Geffrey et al., 2015; Devinsky et al., 2018b). Gaston and colleagues performed a safety study in adults and children in which CBD was administered with commonly-used anti-epileptic drugs (AEDs) (Gaston et al., 2017). Most changes in AED concentrations were within acceptable ranges but abnormal liver function tests were reported in those taking valproate and authors emphasized the importance of continued monitoring of AED concentrations and liver function during treatment with CBD.

Limitations of this review should be acknowledged. Different population types including healthy and patient populations and cannabis naïve or not were all grouped together which may impede generalizability. The proportions of men and women in each study were also not uniform, and it is still being elucidated whether men and women have distinct pharmacokinetic profiles with regards to cannabinoids (Fattore and Fratta, 2010). One study suggested that the PK of CBD was different in their female volunteers (Nadulski et al., 2005a). It should also be mentioned that CBD is currently not an approved product with a pharmacopeia entry so using different sources of CBD that are subject to different polymeric forms, different particle sizes, and different purities may also affect the PK profiles observed. It is important for future work that researchers record the source of the CBD material used so that results have the highest chance of being replicated. Despite a thorough search of the two databases chosen, the addition of more databases may have widened the search to increase the number of results and hence improve the

reliability and validity of the findings. However, the review was carried out by two independent reviewers, and searches generated were analyzed separately and then compared.

In conclusion, this review demonstrates the lack of research in this area, particularly in routes of administration other than oral. An absence of studies has led to failure in addressing the bioavailability of CBD despite intravenous formulations being available. This is of critical importance due to the popularity of CBD products and will help interpret other PK values. Standardized and robust formulations of CBD and their PK data are required for both genders, with consideration of other factors such as adiposity, genetic factors that might influence absorption and metabolism, and the effects of disease states.

AUTHOR CONTRIBUTIONS

SM, SO, and AY: substantial contributions to the conception or design of the work. SM: writing of the manuscript. SM and NS: database searching and data extraction. All authors: the analysis and interpretation of data for the work; drafting the work or revising it critically for important intellectual content; final approval of the version to be published; agreement to be accountable for all aspects of the work in ensuring that questions related to the accuracy or integrity of any part of the work are appropriately investigated and resolved.

FUNDING

This work was supported by the Biotechnology and Biological Sciences Research Council [Grant number BB/M008770/1].

SUPPLEMENTARY MATERIAL

The Supplementary Material for this article can be found online at: <https://www.frontiersin.org/articles/10.3389/fphar.2018.01365/full#supplementary-material>

REFERENCES

- Al Saabi, A., Allorge, D., Sauvage, F. L., Tournel, G., Gaulier, J. M., Marquet, P., et al. (2013). Involvement of UDP-glucuronosyltransferases UGT1A9 and UGT2B7 in ethanol glucuronidation, and interactions with common drugs of abuse. *Drug Metab. Dispos.* 41, 568–574. doi: 10.1124/dmd.112.047878
- Atsmon, J., Cherniakov, I., Izgelov, D., Hoffman, A., Domb, A. J., Deutsch, L., et al. (2017a). PTL401, a new formulation based on pro-nano dispersion technology, improves oral cannabinoids bioavailability in healthy volunteers. *J. Pharm. Sci.* 107, 1423–1429. doi: 10.1016/j.xphs.2017.12.020
- Atsmon, J., Heffetz, D., Deutsch, L., Deutsch, F., and Sacks, H. (2017b). Single-Dose pharmacokinetics of oral cannabidiol following administration of PTL101: a new formulation based on gelatin matrix pellets technology. *Clin. Pharmacol. Drug Dev.* 7:751–758. doi: 10.1002/cpdd.408
- Bergamaschi, M. M., Queiroz, R. H., Zuardi, A. W., and Crippa, J. A. (2011). Safety and side effects of cannabidiol, a *Cannabis sativa* constituent. *Curr. Drug Saf.* 6, 237–249. doi: 10.2174/157488611798280924
- Chagas, M. H., Zuardi, A. W., Tumas, V., Pena-Pereira, M. A., Sobreira, E. T., Bergamaschi, M. M., et al. (2014). Effects of cannabidiol in the treatment of patients with Parkinson's disease: an exploratory double-blind trial. *J. Psychopharmacol.* 28, 1088–1098. doi: 10.1177/0269881114550355
- Cherniakov, I., Izgelov, D., Barasch, D., Davidson, E., Domb, A. J., and Hoffman, A. (2017a). Piperine-pro-nanolipospheres as a novel oral delivery system of cannabinoids: pharmacokinetic evaluation in healthy volunteers in comparison to buccal spray administration. *J. Control. Release* 266, 1–7. doi: 10.1016/j.jconrel.2017.09.011
- Cherniakov, I., Izgelov, D., Domb, A. J., and Hoffman, A. (2017b). The effect of Pro NanoLipospheres (PNL) formulation containing natural absorption enhancers on the oral bioavailability of delta-9-tetrahydrocannabinol (THC) and cannabidiol (CBD) in a rat model. *Eur. J. Pharm. Sci.* 109, 21–30. doi: 10.1016/j.ejps.2017.07.003
- Consroe, P., Kennedy, K., and Schram, K. (1991). Assay of plasma cannabidiol by capillary gas chromatography/ion trap mass spectroscopy following high-dose repeated daily oral administration in humans. *Pharmacol. Biochem. Behav.* 40, 517–522. doi: 10.1016/0091-3057(91)90357-8
- Crippa, J. A., Derenusson, G. N., Ferrari, T. B., Wichert-Ana, L., Duran, F. L., Martin-Santos, R., et al. (2011). Neural basis of anxiolytic effects of cannabidiol (CBD) in generalized social anxiety disorder: a preliminary report. *J. Psychopharmacol.* 25, 121–130. doi: 10.1177/0269881110379283
- Deiana, S., Watanabe, A., Yamasaki, Y., Amada, N., Arthur, M., Fleming, S., et al. (2012) Plasma and brain pharmacokinetic profile of cannabidiol (CBD), cannabidivarin (CBDV), Delta(9)-tetrahydrocannabivarin (THCV) and

- cannabigerol (CBG) in rats and mice following oral and intraperitoneal administration and CBD action on obsessive-compulsive behaviour. *Psychopharmacology* 219, 859–873. doi: 10.1007/s00213-011-2415-0
- Desrosiers, N. A., Himes, S. K., Scheidweiler, K. B., Concheiro-Guisan, M., Gorelick, D. A., and Huestis, M. A. (2014). Phase I and II cannabinoid disposition in blood and plasma of occasional and frequent smokers following controlled smoked cannabis. *Clin. Chem.* 60, 631–643. doi: 10.1373/clinchem.2013.216507
- Devinsky, O., Cross, J. H., and Wright, S. (2017). Trial of Cannabidiol for drug-resistant seizures in the Dravet Syndrome. *N. Engl. J. Med.* 377, 699–700. doi: 10.1056/NEJMc1708349
- Devinsky, O., Patel, A. D., Cross, J. H., Villanueva, V., Wirrell, E. C., Privitera, M., et al. (2018a). Effect of Cannabidiol on drop seizures in the Lennox-Gastaut Syndrome. *N. Engl. J. Med.* 378, 1888–1897. doi: 10.1056/NEJMoa1714631
- Devinsky, O., Patel, A. D., Thiele, E. A., Wong, M. H., Appleton, R., Harden, C. L., et al. (2018b). Randomized, dose-ranging safety trial of cannabidiol in Dravet syndrome. *Neurology* 90, e1204–e1211. doi: 10.1212/WNL.0000000000005254
- Eichler, M., Spinedi, L., Unfer-Grauwiler, S., Bodmer, M., Surber, C., Luedi, M., et al. (2012). Heat exposure of *Cannabis sativa* extracts affects the pharmacokinetic and metabolic profile in healthy male subjects. *Planta Med.* 78, 686–691. doi: 10.1055/s-0031-1298334
- Fattore, L., and Fratta, W. (2010). How important are sex differences in cannabinoid action? *Br. J. Pharmacol.* 160, 544–548. doi: 10.1111/j.1476-5381.2010.00776.x
- Fernandez, E., Perez, R., Hernandez, A., Tejada, P., Arteta, M., and Ramos, J. T. (2011). Factors and mechanisms for pharmacokinetic differences between pediatric population and adults. *Pharmaceutics* 3, 53–72. doi: 10.3390/pharmaceutics3010053
- Garberg, H. T., Solberg, R., Barlinn, J., Martinez-Orgado, J., Loberg, E. M., and Saugstad, O. D. (2017). High-dose cannabidiol induced hypotension after global hypoxia-ischemia in piglets. *Neonatology* 112, 143–149. doi: 10.1159/000471786
- Gaston, T. E., Bebin, E. M., Cutter, G. R., Liu, Y., and Szaflarski, J. P. (2017). Interactions between cannabidiol and commonly used antiepileptic drugs. *Epilepsia* 58, 1586–1592. doi: 10.1111/epi.13852
- Geffrey, A. L., Pollack, S. F., Bruno, P. L., and Thiele, E. A. (2015). Drug-drug interaction between clobazam and cannabidiol in children with refractory epilepsy. *Epilepsia* 56, 1246–1251. doi: 10.1111/epi.13060
- Giacoppo, S., Galuppo, M., Pollastro, F., Grassi, G., Bramanti, P., and Mazzon, E. (2015). A new formulation of cannabidiol in cream shows therapeutic effects in a mouse model of experimental autoimmune encephalomyelitis. *Daru* 23:48. doi: 10.1186/s40199-015-0131-8
- Gunasekaran, N., Long, L., Dawson, B., Hansen, G., Richardson, D., Li, K., et al. (2009). Reintoxication: the release of fat-stored Δ^9 -tetrahydrocannabinol (THC) into blood is enhanced by food deprivation or ACTH exposure. *Br. J. Pharmacol.* 158, 1330–1337. doi: 10.1111/j.1476-5381.2009.00399.x
- Guy, G. W., and Flint, M. E. (2004). A single centre, placebo-controlled, four period, crossover, tolerability study assessing, pharmacodynamic effects, pharmacokinetic characteristics and cognitive profiles of a single dose of three formulations of Cannabis Based Medicine Extracts (CBMEs) (GWPD9901), plus a two period tolerability study comparing pharmacodynamic effects and pharmacokinetic characteristics of a single dose of a cannabis based medicine extract given via two administration routes (GWPD9901 EXT). *J. Cannabis Ther.* 3, 35–77. doi: 10.1300/J175v03n03_03
- Guy, G. W., and Robson, P. J. (2004a). A phase I, double blind, three-way crossover study to assess the pharmacokinetic profile of Cannabis Based Medicine Extract (CBME) administered sublingually in variant cannabinoid ratios in normal healthy male volunteers. *J. Cannabis Ther.* 3, 121–152. doi: 10.1300/J175v03n04_02
- Guy, G. W., and Robson, P. J. (2004b). A phase I, open label, four-way crossover study to compare the pharmacokinetic profiles of a single dose of 20 mg of a Cannabis Based Medicine Extract (CBME) Administered on 3 different areas of the buccal mucosa and to investigate the pharmacokinetics of CBME per Oral in Healthy Male and Female Volunteers (GWPK0112). *J. Cannabis Ther.* 3, 79–120. doi: 10.1300/J175v03n04_01
- GW Pharmaceuticals (2018). *Subsidiary Greenwich Biosciences Announce FDA Approval of EPIDIOLEX® (Cannabidiol) Oral Solution—The First Plant-Derived Cannabinoid Prescription Medicine.*
- Hammell, D. C., Zhang, L. P., Ma, F., Abshire, S. M., McIlwrath, S. L., Stinchcomb, A. L., et al. (2016). Transdermal cannabidiol reduces inflammation and pain-related behaviours in a rat model of arthritis. *Eur. J. Pain* 20, 936–948. doi: 10.1002/ejp.818
- Haney, M., Malcolm, R. J., Babalonis, S., Nuzzo, P. A., Cooper, Z. D., Bedi, G., et al. (2016). Oral cannabidiol does not alter the subjective, reinforcing or cardiovascular effects of smoked cannabis. *Neuropsychopharmacology* 41, 1974–1982. doi: 10.1038/npp.2015.367
- Hemp Business (2017). *Hemp Business Journal*. State of Hemp Market Report.
- Huestis, M. A. (2007). Human cannabinoid pharmacokinetics. *Chem. Biodivers.* 4, 1770–1804. doi: 10.1002/cbdv.200790152
- Izzo, A. A., Borrelli, F., Capasso, R., Di Marzo, V., and Mechoulam, R. (2009). Non-psychotropic plant cannabinoids: new therapeutic opportunities from an ancient herb. *Trends Pharmacol. Sci.* 30, 515–527. doi: 10.1016/j.tips.2009.07.006
- Jiang, R., Yamaori, S., Okamoto, Y., Yamamoto, I., and Watanabe, K. (2013). Cannabidiol is a potent inhibitor of the catalytic activity of cytochrome P450 2C19. *Drug Metab. Pharmacokinet.* 28, 332–338. doi: 10.2133/dmpk.DMPK-12-RG-129
- Karschner, E. L., Darwin, W. D., Goodwin, R. S., Wright, S., and Huestis, M. A. (2011). Plasma cannabinoid pharmacokinetics following controlled oral Δ^9 -tetrahydrocannabinol and oromucosal cannabis extract administration. *Clin. Chem.* 57, 66–75. doi: 10.1373/clinchem.2010.152439
- Lee, D., Schwoppe, D. M., Milman, G., Barnes, A. J., Gorelick, D. A., and Huestis, M. A. (2012). Cannabinoid disposition in oral fluid after controlled smoked cannabis. *Clin. Chem.* 58, 748–756. doi: 10.1373/clinchem.2011.177881
- Leweke, F. M., Piomelli, D., Pahlisch, F., Muhl, D., Gerth, C. W., Hoyer, C., et al. (2012). Cannabidiol enhances anandamide signaling and alleviates psychotic symptoms of schizophrenia. *Transl. Psychiatry* 2:e94. doi: 10.1038/tp.2012.15
- Long, L. E., Chesworth, R., Huang, X. F., Wong, A., Spiro, A., McGregor, I. S., et al. (2012). Distinct neurobehavioural effects of cannabidiol in transmembrane domain neuregulin 1 mutant mice. *PLoS ONE* 7:e34129. doi: 10.1371/journal.pone.0034129
- Manini, A. F., Yiannoulos, G., Bergamaschi, M. M., Hernandez, S., Olmedo, R., Barnes, A. J., et al. (2015). Safety and pharmacokinetics of oral cannabidiol when administered concomitantly with intravenous fentanyl in humans. *J. Addict. Med.* 9, 204–210. doi: 10.1097/ADM.0000000000000118
- Mechoulam, R., Parker, L. A., and Gallily, R. (2002). Cannabidiol: an overview of some pharmacological aspects. *J. Clin. Pharmacol.* 42, 11S–19S. doi: 10.1002/j.1552-4604.2002.tb05998.x
- Moher, D., Liberati, A., Tetzlaff, J., and Altman, D. G. (2009). Preferred reporting items for systematic reviews and meta-analyses: the PRISMA statement. *Ann. Int. Med.* 151, 264–269, w64. doi: 10.7326/0003-4819-151-4-200908180-00135
- Nadulski, T., Pragst, F., Weinberg, G., Roser, P., Schnelle, M., Schnelle, M., Fronk, E. M., et al. (2005a). Randomized, double-blind, placebo-controlled study about the effects of Cannabidiol (CBD) on the pharmacokinetics of Δ^9 -Tetrahydrocannabinol (THC) after oral application of THC versus standardized cannabis extract. *Ther. Drug Monit.* 27, 799–810. doi: 10.1097/01.ftd.0000177223.19294.5c
- Nadulski, T., Sporkert, F., Schnelle, M., Stadelmann, A. M., Roser, P., Scheffer, T., et al. (2005b). Simultaneous and sensitive analysis of THC, 11-OH-THC, THC-COOH, CBD, and CBN by GC-MS in plasma after oral application of small doses of THC and cannabis extract. *J. Anal. Toxicol.* 29, 782–789. doi: 10.1093/jat/29.8.782
- Naftali, T., Mechulam, R., Marii, A., Gabay, G., Stein, A., Bronshtain, M., et al. (2017). Low-dose cannabidiol is safe but not effective in the treatment for crohn's disease, a randomized controlled trial. *Dig. Dis. Sci.* 62, 1615–1620. doi: 10.1007/s10620-017-4540-z
- National Institute for Health (2014). *National Lung and Blood Institute Quality Assessment Tool for Before-After (Pre-Post) Studies with No Control Group.* Available online at: <https://www.nhlbi.nih.gov/health-topics/study-quality-assessment-tools>
- Newmeyer, M. N., Desrosiers, N. A., Lee, D., Mendu, D. R., Barnes, A. J., Gorelick, D. A., et al. (2014). Cannabinoid disposition in oral fluid after controlled cannabis smoking in frequent and occasional smokers. *Drug Test. Anal.* 6, 1002–1010. doi: 10.1002/dta.1632

- Ogungbenro, K., Aarons, L., and Graham, G. (2006). Sample size calculations based on generalized estimating equations for population pharmacokinetic experiments. *J. Biopharm. Stat.* 16, 135–150. doi: 10.1080/10543400500508705
- Ohlsson, A., Lindgren, J. E., Andersson, S., Agurell, S., Gillespie, H., and Hollister, L. E. (1986). Single-dose kinetics of deuterium-labelled cannabidiol in man after smoking and intravenous administration. *Biomed. Environ. Mass Spectrom.* 13, 77–83. doi: 10.1002/bms.1200130206
- Schwoppe, D. M., Karschner, E. L., Gorelick, D. A., and Huestis, M. A. (2011). Identification of recent cannabis use: whole-blood and plasma free and glucuronidated cannabinoid pharmacokinetics following controlled smoked cannabis administration. *Clin. Chem.* 57, 1406–1414. doi: 10.1373/clinchem.2011.171777
- Sellers, E. M., Schoedel, K., Bartlett, C., Romach, M., Russo, E. B., Stott, C. G., et al. (2013). A multiple-dose, randomized, double-blind, placebo-controlled, parallel-group QT/QTc study to evaluate the electrophysiologic effects of THC/CBD spray. *Clin. Pharmacol. Drug Dev.* 2, 285–294. doi: 10.1002/cpdd.36
- Stott, C., White, L., Wright, S., Wilbraham, D., and Guy, G. (2013c). A Phase I, open-label, randomized, crossover study in three parallel groups to evaluate the effect of Rifampicin, Ketoconazole, and Omeprazole on the pharmacokinetics of THC/CBD oromucosal spray in healthy volunteers. *Springerplus* 2:236. doi: 10.1186/2193-1801-2-236
- Stott, C. G., White, L., Wright, S., Wilbraham, D., and Guy, G. W. (2013a). A phase I study to assess the single and multiple dose pharmacokinetics of THC/CBD oromucosal spray. *Eur. J. Clin. Pharmacol.* 69, 1135–1147. doi: 10.1007/s00228-012-1441-0
- Stott, C. G., White, L., Wright, S., Wilbraham, D., and Guy, G. W. (2013b). A phase I study to assess the effect of food on the single dose bioavailability of the THC/CBD oromucosal spray. *Eur. J. Clin. Pharmacol.* 69, 825–834. doi: 10.1007/s00228-012-1393-4
- Stout, S. M., and Cimino, N. M. (2014). Exogenous cannabinoids as substrates, inhibitors, and inducers of human drug metabolizing enzymes: a systematic review. *Drug Metab. Rev.* 46, 86–95. doi: 10.3109/03602532.2013.849268
- Swortwood, M. J., Newmeyer, M. N., Andersson, M., Abulseoud, O. A., Scheidweiler, K. B., and Huestis, M. A. (2017). Cannabinoid disposition in oral fluid after controlled smoked, vaporized, and oral cannabis administration. *Drug Test. Anal.* 9, 905–915. doi: 10.1002/dta.2092
- Thiele, E. A., Marsh, E. D., French, J. A., Mazurkiewicz-Beldzinska, M., Benbadis, S. R., Joshi, C., et al. (2018). Cannabidiol in patients with seizures associated with Lennox-Gastaut syndrome (GWPCARE4): a randomised, double-blind, placebo-controlled phase 3 trial. *Lancet* 391, 1085–1096. doi: 10.1016/S0140-6736(18)30136-3
- Winter, H., Ginsberg, A., Egizi, E., Eröndü, N., Whitney, K., Pauli, E., et al. (2013). Effect of a high-calorie, high-fat meal on the bioavailability and pharmacokinetics of PA-824 in healthy adult subjects. *Antimicrob. Agents Chemother.* 57, 5516–5520. doi: 10.1128/AAC.00798-13
- Zgair, A., Wong, J. C., Lee, J. B., Mistry, J., Sivak, O., Wasan, K. M., et al. (2016). Dietary fats and pharmaceutical lipid excipients increase systemic exposure to orally administered cannabis and cannabis-based medicines. *Am. J. Transl. Res.* 8, 3448–3459.

Conflict of Interest Statement: AY was employed by company Artelo Biosciences.

The remaining authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

Copyright © 2018 Millar, Stone, Yates and O'Sullivan. This is an open-access article distributed under the terms of the Creative Commons Attribution License (CC BY). The use, distribution or reproduction in other forums is permitted, provided the original author(s) and the copyright owner(s) are credited and that the original publication in this journal is cited, in accordance with accepted academic practice. No use, distribution or reproduction is permitted which does not comply with these terms.

Delta-8 THC Table of Contents

Executive Summary _____	2
A Call to Action _____	12
Delta-8 THC Independent Test Results _____	14
Federal Memorandum _____	20
Related Media Coverage of Delta-8 THC _____	24

Executive Summary

The Unregulated Distribution And Sale Of Consumer Products Marketed As Delta-8 THC

Executive Summary

There is a rapidly expanding crisis in the United States involving a psychoactive form of THC which is derived from unregulated industrial hemp, referred to as Delta-8 tetrahydrocannabinol or Delta-8 THC. Delta-8 THC is an “isomer” (chemical analog) of Delta-9 THC, the molecule better known as the source of marijuana’s high, which reportedly has 75% of potency of Delta-9 THC. Over the past year or so, sales of this drug have spread across the country through such outlets as tobacco stores, newsstands, and local pharmacies, as well as internet sales. While efforts to legalize and to regulate the sale of cannabis and cannabinoids derived from cannabis should encompass Delta-8 THC, the fact that it is being sold outside of the regulated marketplace with no oversight or testing and is readily available to children is alarming, and it presents a public health risk of potentially wider impact than the vape crisis.

This Delta-8 THC crisis has been spawned by a supposed loophole in the federal 2018 Farm Act, which legalized the cultivation and sale of “industrial hemp,” a form of cannabis that contains negligible quantities of psychoactive chemicals, as well as products naturally derived from industrial hemp. Despite such arguments by supporters of unregulated Delta-8 THC distribution, there is no such “loophole:” the 2018 Farm Act does not legalize the production of psychoactive drugs simply because the base material has been extracted from industrial hemp, and the DEA’s current rulemaking clearly confirms this position. Moreover, Delta-8 THC is being marketed and sold in violation of consumer protections provided by the Food and Drug Act and FDA rules, as well as in violation of state laws—and a growing list of states have acted to specifically address the Delta-8 THC issue.

To highlight the dangers of the unregulated sale of Delta-8 THC and similar products, the USCC has commissioned testing of Delta-8 THC products procured from various states and as well as examination of the labelling and marketing of these products. These tests reveal that not only do Delta-8 THC products commonly have vastly varying amounts of Delta-8 THC, they but they also can contain amounts of Delta-9 THC in clearly illegal quantities, as well as pesticides and heavy metals. The packaging of such products is often misleading or outright false as to the ingredients of the product and its legal status, and often includes unsubstantiated claims about medical or other benefits. The results of this survey are summarized in this paper.

The members of the US Cannabis Council support the safe and regulated sale of cannabis products. The unregulated sale of untested cannabis products hurts, can cause catastrophic public harm to, and will hinder further reform toward a safe, well-regulated, federally legal cannabis industry. While further action should be taken by federal authorities and states to confirm that the unregulated sale of Delta-8 THC has not been sanctioned, state and federal authorities have several paths currently available to enforce the law and to address this crisis.

The USCC supports prompt action from regulators, law enforcement, and the cannabis community to stem the Delta-8 THC crisis including the following:

1. Action by state Attorneys General to apply Consumer Protection Act and/or the States' Unfair and Deceptive Act and Practices law to stop the sale and distribution of Delta-8 products, as was done to clamp down on the unregulated sale of "alcopops"
2. The issue of cease-and-desist letters from state law enforcement to all unregulated producers of Delta-8
3. Rulemaking under state regulation to ensure that Delta-8 THC is produced and marketed only through state-licensed cannabis programs
4. Further action by the Federal Drug Enforcement Agency to clarify that the Farm Act 2018 does not legalize the sale of unregulated Delta-8 THC

1. Introduction

In December 2018, the United States Congress passed the Agriculture Improvement Act, more commonly known as the 2018 Farm Bill. This law removed hemp -- defined as cannabis with concentrations of Delta-9 tetrahydrocannabinol (Delta-9 THC) below .3% -- from the definition of marijuana in the Controlled Substances Act (CSA). Inasmuch as the Farm Bill exempted only Delta-9 THC, some have taken this to mean that other extracts from industrial hemp were effectively legalized, including delta-8 tetrahydrocannabinol (Delta-8 THC), a lesser-known psychoactive cannabinoid. This novel legal interpretation has driven an explosion of Delta-8 THC production and intra- and inter-state commerce across the country over the past two years.

In August 2020, the DEA promulgated an Interim Final Rule (2020 IFR) which confirmed that hemp-derived THC products were not legalized by the 2018 Farm Bill. Some industry players are claiming that the final rule does not confirm the illegal status of Delta-8 THC because it fails to mention this substance by name and are challenging the rule. Some players have even stated support for the production and marketing of Delta-8 THC products. More established industry groups including the US Hemp Roundtable, however, have rejected the argument that unregulated Delta-8 THC has been legalized and believe that the availability of Delta-8 THC products could undermine efforts to bring other hemp products to market. The crisis has been furthered by the reluctance of some state regulators to weigh in on the interpretation of the federal Farm Act 2018 or, absent further federal guidance or specific state regulation, to act against the unregulated Delta-8 THC market.

At present, products purporting to contain Delta-8 THC are being marketed across the country through unregulated retail outlets and the internet. These products are not subject to ingredient testing to detect

and prevent dangerous contaminants such as lead, heavy metals, certain pesticides, etc. Moreover, notwithstanding the claims from these manufacturers and distributors that these hemp-derived products do not contain more than the federal limit of .3% Delta-9 THC, independent testing (described below) has found the opposite. Indeed, recent independent testing of these Delta-8 products sold in Florida has found substantial amounts of Delta-9 THC as well as heavy metals. Moreover, these products are being sold to children.

As a general matter, there is no evidence that Delta-8 THC is inherently dangerous or problematic, but like any medication or intoxicant, particularly one with psychoactive properties, it should be carefully regulated to ensure that it is (a) sold to adults or those authorized by law to purchase, and (b) safe for consumers and patients to use through testing, labeling, and the other regulatory requirements that are part of effective state cannabis programs.

What is Delta-8 THC?

When people refer to THC, they are typically talking about Delta-9 THC, the primary form of THC found in cannabis. Delta-9 THC is possibly the most potent psychotropic cannabinoid and produces its intoxicating effects by interacting with the CB1 receptor in the human body. However, other isomers of THC do exist. Isomers are variations of molecules with identical chemical formulas but a distinct arrangement of atoms. Delta-8 THC is one such isomer of Delta-9 THC.

A commonly accepted scientific definition of Delta-8 THC comes from the National Cancer Institute:

An analogue of tetrahydrocannabinol (THC) with antiemetic, anxiolytic, appetite-stimulating, analgesic, and neuroprotective properties. Delta-8-tetrahydrocannabinol (delta-8-THC) binds to the cannabinoid G-protein coupled receptor CB1, located in the central nervous system; CB1 receptor activation inhibits adenylyl cyclase, increases mitogen-activated protein kinase activities, modulates several potassium channel conductances and inhibits N- and P/Q-type Ca²⁺ channels. This agent exhibits a lower psychotropic potency than delta-9-tetrahydrocannabinol (delta-9-THC), the primary form of THC found in cannabis.

Delta-8 differs in structure from Delta-9 THC in the placement of a double bond between carbon atoms 8 and 9 rather than carbon atoms 9 and 10. Due to its altered structure, Delta-8 THC has a lower affinity for the CB1 receptor, and therefore has a lower psychotropic potency than Delta-9 THC. Relative to the psychotropic potency of Delta-9 THC, Delta-8 THC has been estimated to be about 75% or perhaps two-thirds as potent. Delta-8 THC has been described as “marijuana light” or “pain relief with less psychoactivity.” Although Delta-8 THC does exist naturally in the cannabis plant, it is only present at very low levels. The cost-effective manufacturing process of Delta-8 THC involves the isomerization of CBD via exposure to an acidic environment. Delta-8 THC can also be manufactured from Delta-9 THC.

2. Current Commercialization of Delta-8 Products: Product Safety and Legality Issues

Delta-8 THC products have become widely available across the U.S. since businesses began selling Delta-8 THC products in 2019. Consumer sales expanded rapidly in 2020 and continue to grow in 2021, leading

one industry expert to state that it is the “fastest growing segment” of products derived from hemp. One prominent Delta-8 THC retailer saw sales increase exponentially every month over the past year. Delta-8 THC is now available for purchase at gas stations, drug paraphernalia shops, and convenience stores. Anecdotally, Delta-8 THC product sales have been especially strong in states without medical or adult-use cannabis laws.

Recent media stories now include reports of Delta-8 products falling into the hands of minors with dangerous results. For example, in April, authorities raided a southeastern Wisconsin (Waukesha County) CBD store after two children overdosed from a product their parent said was from the store. Investigators reportedly stated that they tested some products at the store that were found to contain 20 percent THC.¹ Other states have similarly raised concerns about the accessibility of Delta-8 THC products to minors through unregulated distribution points and consequently have issued warnings through poison control centers. See, e.g., West Virginia.²

3. Delta-8 THC Product Testing

In connection with preparing this paper on Delta-8 THC products, 16 samples of non-cannabis based, over-the-counter products featuring Delta-8 THC were procured in April 2021 for chemical testing. All samples were legally obtained from various non-regulated retail stores or online retail vendors from across the U.S. including from California, Florida, Nevada, Texas, Michigan, Massachusetts, North Carolina, and Indiana. The samples were analyzed for a suite of chemicals including cannabinoid profiles, heavy metals, residual solvents, and exploratory analysis for unknown compounds. The purpose of the analyses was to determine whether the samples, which were advertised as containing no more than the federal legal limit of Delta-9 THC (.3%), actually complied with that limit and, in addition, whether the samples were generally safe from a consumer safety perspective.

Methods

All samples were processed by ProVerde Laboratories, an independent testing facility in Milford, MA, for cannabinoid profiles by solvent dilution and UPLC-UV analysis, residual solvents by full evaporative technique (FET) GC/MS headspace analysis, and elemental analysis by microwave digestion and ICP-MS analysis. In addition, a portion of each sample was subjected to analysis by solvent dilution and GC/MS liquid injection analysis for exploratory analysis and unknown identification.

Results

All investigated samples contained a mixture of THC isomers with Delta-8 THC featured as the primary cannabinoid per the product’s label claim. Notably, however, all samples also contained illicit Delta-9 THC at levels substantially higher than the USDA 0.3% upper limit, with the exception of a single sample of a tincture where the total cannabinoid concentration was substantially diluted to 10 mg/mL. The mean Delta-9 THC value was about 3.4%, with a range of about 1.3% - 5.3%. None of the tested samples were 2018 Farm Bill compliant. **The mean Delta-9 THC concentration of the sample set was more than 10 times greater than the USDA limit of 0.3%. Accordingly, all samples are non-compliant (illegal) products.**

All investigated samples contained a mixture of various other elements including:

- Heavy Metals: Lead was detected in four of the 16 samples investigated, though the detected levels in the four samples was below the USP limit for inhalation.
- Other Metals: Seven of 16 samples failed USP limits for inhalation on copper (Cu), chromium (Cr) or nickel (Ni).
- 7-10 compounds in each of the samples analyzed were of unknown identification and thus unknown toxicological significance.

Residual Solvents Analysis

Dichloromethane and methanol were found once in different samples of the set of 16. Hexane was found in three of the 16 samples. All detected levels were below US limits for inhalation. Acetone was detected in every sample. Ethanol was detected in 13, ethyl acetate in seven, Heptane once, isopropanol in nine of the 16 samples; all detected levels were below US limits for inhalation.

Unknown Ingredients

The testing also identified ingredients in most of the samples that have some similarities to known cannabinoids but are not found in the current NIST mass spectral library. These compounds appear to be either isomers of known cannabinoids or new, unknown compounds with no toxicological characterization available, which is concerning.

4. The Federal Legal Status of Delta-8 THC

Attached is a memorandum of law prepared by the law firm of Cadwalader, Wickersham & Taft (the “Cadwalader Memo”). The Cadwalader memo analyzes the state of federal law as it applies to Delta-8 THC. As summarized below, the Cadwalader memo concludes that there are several reasons why claims that Delta-8 THC is federally legal as a result of the 2018 Farm Bill or otherwise are incorrect.

i) The 2018 Farm Bill: Implications for the Legal Status of Delta-8 THC

Many commentators and marketers suggest that Delta-8 THC is legal on the federal level under the 2018 Farm Bill, which defined “hemp” as “the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.” 7 U.S.C. § 1639o. The 2018 Farm Bill also revised the CSA definitions of “marihuana” to exclude the new definition of hemp and the definition of “tetrahydrocannabinols” to exclude “tetrahydrocannabinols in hemp.” Because Delta-8 naturally occurs in small quantities in cannabis,³ advocates of Delta-8 THC argue that these changes could be interpreted as exempting Delta-8 from control under the CSA.

However, the Drug Enforcement Administration (“DEA”), in August 2020, issued an “interim final rule” (IFR) to codify in the DEA regulations the CSA amendments made by the 2018 Farm Bill (Aug. 21, 2020). The DEA recognized the revised definition of “marihuana” and clarified that to qualify for the “hemp” exception

to the definition of marijuana, “a cannabis-derived product must itself contain 0.3% or less Δ 9-THC on a dry weight basis.” But the DEA also clarified that the “definition of hemp does not automatically exempt any product derived from a hemp plant, regardless of the Δ 9-THC content of the derivative” and that “a cannabis derivative, extract, or product that exceeds the 0.3% Δ 9-THC limit is a schedule I controlled substance, even if the plant from which it was derived contained 0.3% or less Δ 9-THC on a dry weight basis.”

ii) Synthetically Derived THC

The DEA also noted in the IFR that the 2018 Farm Bill “does not impact the legal status of synthetically derived tetrahydrocannabinols because the statutory definition of ‘hemp’ is limited to materials that are derived from the plant *Cannabis sativa* L. For synthetically derived tetrahydrocannabinols, the concentration of Δ 9-THC is not a determining factor in whether the material is a controlled substance. All synthetically derived tetrahydrocannabinols remain schedule I controlled substances.” Neither DEA regulations nor the CSA define “synthetically derived.” However, the level of naturally occurring Delta-8 THC found in hemp is negligible and Delta-8 THC products are all produced from hemp extracts by conversion through chemical reaction of naturally occurring cannabinoids into Delta-8 THC. As of April 2021, the DEA published Controlled Substance by DEA Drug Code Number 7370 lists “Delta-8 THC” among “other names” for tetrahydrocannabinols.⁴

iii) The Federal Analog Act

Even if CBD-derived Delta-8 is not viewed as “synthetically derived,” Delta-8 would likely still be at high risk of being treated as a “controlled substance analogue” by the DEA. The Federal Analogue Act, 21 U.S.C. § 813, treats a controlled substance analogue, if intended for human consumption, to be treated for the purposes of federal law as a controlled substance in Schedule I of the Controlled Substances Act. A “controlled substance analogue” is any substance that has: (1) a substantially similar chemical structure to a schedule I or II controlled substance; and (2) a substantially similar stimulant, depressant, or hallucinogenic effect on the central nervous system. As to the first prong, the chemical structure of Delta-8 and Delta-9 are virtually identical.

With regard to the second prong, experts estimate the effect of Delta-8 to be approximately 75% of the potency of Delta-9, which may easily meet the second requirement that the analogue have a “substantially similar” effect on the central nervous system. Given the near-universal agreement that the 2018 Farm Bill was not meant to legalize intoxicants, it would be consistent with the law for the DEA to view enforcement under the Federal Analogue Statute as consistent with the Farm Bill’s intent.

iv. Delta-8 and the FDCA

The 2018 Farm Bill also made clear that nothing in it would affect or modify the FDA’s authority under the Federal Food Drug and Cosmetic Act (“FDCA”). After the 2018 Farm Bill’s passage, the FDA Commissioner publicly stated that “it’s unlawful under the FDCA to introduce food containing added CBD or [Delta-9] THC into interstate commerce, or to market CBD or THC products as, or in, dietary supplements, regardless of whether the substances are hemp-derived.” It is the FDA’s position that it is “illegal to introduce drug ingredients like these into the food supply, or to market them as dietary supplements.” The FDA has also

stated that Delta-9 THC and CBD products cannot be sold as dietary supplements or food additives under the FDCA.

While the FDA has not issued a statement specific to Delta-8, there is no basis to believe the FDA will treat it differently from CBD and THC. Any substance intentionally added to food is a food additive, and therefore subject to pre-market review and approval by the FDA, unless the substance is generally recognized as safe (GRAS) by qualified experts under the conditions of its intended use. Other than certain hemp seed products, no cannabis-derived ingredients have been the subject of a food additive petition, an evaluated GRAS notification, or have otherwise been approved for use in food by FDA. Therefore, sales of Delta-8 remain prohibited by the FDA as a food additive or dietary supplement. As for Delta-8 vaping products, there is no reason to believe the FDA will treat them differently from CBD vaping products—if sold as a tobacco product then they may not be sold without FDA pre-market authorization. If sold as a drug, then vaping products cannot be marketed without an FDA-approved drug application. As a result, Delta-8 products in their present market form as vaping products and consumables are illegal under the FD&C Act. Notably, to date the FDA has not aggressively pursued state licensed marijuana sellers under the FDCA, but whether the FDA would take that same approach to unlicensed sellers of Delta-8 is unclear.

5. Approaches to Delta-8 THC at the State Level

In many states, a plain reading of the hemp program laws indicate that the sale of Delta-8 THC would not be permitted because in defining hemp, the states have not distinguished between THC Delta-9 and its derivatives and isomer. Beyond that, broadly speaking, states fall into three categories: states that prohibit Delta-8 THC by rule or guidance (as described above, or in regulatory guidance), states (two) that permit regulated Delta-8 THC by rule or guidance, and states that have not specifically addressed the issue. Notably, many states that explicitly ban Delta-8 THC products (as opposed to relying on the apparent exclusion in the definition of hemp) rely upon a state agency's determination that Delta-8 THC is a synthetic form of THC and thus prohibited under the CSA and related DEA guidance, including the IFR.

A good example of this is North Carolina where the Department of Agriculture website states “Currently, DEA takes the position that synthetically derived THC is illegal as a controlled substance. Since Delta-8 THC appears at negligible and non detectable concentrations in hemp, Delta-8 THC is normally derived from chemical conversion from CBD into Delta-8 THC. Therefore, it appears from DEA's August 21, 2020 Interim Final Rule, titled “Implementation of the Agriculture Improvement Act of 2018,” that it will treat Delta-8 THC derived from chemical conversion or other synthetic methods as illegal.”

The attached chart highlights a sampling of 13 states' positions on Delta-8 THC and includes an analysis of applicable state laws as well as related guidance provided in connection with our review of this issue. The state categorizations are representative of the results of a 50-state regulatory agency survey conducted by an independent law firm for this report.

Turning to a state that permits Delta-8 THC, the Florida Department of Agriculture and Consumer Service (FDCAS) issued a statement on the topic of Delta-8 THC, which suggests that Delta-9 THC content remains the standard for determining whether a product qualifies as a hemp product. The statement reads: “Any

hemp or hemp extract products offered for sale or sold in Florida must comply with all labeling rules and have a certificate of analysis that shows a total THC (THCA x .8777 + THC Delta 9 = total THC) content of 0.3% or less. Any hemp or hemp extract product that does not comply with all statutes and rules is subject to enforcement and possible destruction by the Florida Department of Agriculture and Consumer Services.” According to FDCAS, this guidance means as long as the total THC as defined above is below 0.3%, the product sold may contain and be marketed as Delta-8 THC. Notably, manufacturers in Florida represent one of the principal sources of Delta-8 THC products sold in other states and via the internet.

Nevada is an example of a state that has adopted an approach to treat Delta-8 THC like Delta-9 THC so that these products may only be sold through the state’s regulated cannabis framework. The Nevada Revised Statutes, in a section updated on July 1, 2020, provide that the definition of “THC” specifically includes Delta-8 THC. Referencing this definition in the law, the Nevada Cannabis Compliance Board (CCB), which oversees the state’s regulated cannabis market, recently offered the following in a newsletter: “Products exceeding 0.3% THC, including Delta-8 and Delta-9 THC, would be considered cannabis. As such, a license from the CCB would be required to make it or sell it.”

As this topic gains more national attention, it is possible that more states will begin to take a reasonable and responsible approach of regulating Delta-8 THC similarly to Nevada by permitting the manufacturing and sale of Delta-8 THC products only through state-licensed cannabis businesses. States without state-licensed cannabis businesses may choose to specifically ban Delta-8 THC products at the state level, which is within their authority. Until a state takes a position publicly, consumers and businesses are left guessing as to the legal status of these products.

In addition to agency guidance, several states have pending bills or newly enacted laws addressing Delta-8 THC. Other recent state legislative and regulatory activities concerning Delta-8 THC as of this writing include:

- **Hawaii HB 422** was introduced into the Hawaii House on January 25, 2021. The bill adds Delta-8 THC to the list of controlled substances.
- **Illinois HB 0147** has passed the Illinois House and is currently in the Senate. The bill directs the Illinois Department of Agriculture to establish testing, packaging, and labeling requirements for all non-marijuana cannabinoid products. This would extend to Delta-8 products.
- **Louisiana HB 640** was introduced in the Louisiana House on April 2, 2021 and is scheduled for a floor debate on May 10, 2021. The bill makes several minor changes to the state’s hemp production program and defines “Total THC Concentration” to include Delta-8, Delta-10, Delta-6a(10a), Delta-6a(7), Delta-7, and Delta-9 THC.
- **Michigan HB 4517** was introduced to the house on March 16, 2021 and includes language that amends the definition of THC to include “a tetrahydrocannabinol, regardless of whether it is artificially or naturally derived” and “a tetrahydrocannabinol that is a structural, optical, or geometric isomer of a tetrahydrocannabinol . . .” The bill also gives the marijuana regulatory agency the power to exclude specific tetrahydrocannabinols from the definition of THC if it determines that the tetrahydrocannabinol does not have the potential for abuse based on several specific factors.
- **North Dakota HB 1213** is awaiting the Governor’s signature. The bill amends the definition of THC to include Delta-9 and Delta-8 THC. The bill also amends the THC possession laws so that possession of an amount less than 2 grams is an infraction and possession of more than 2 grams is a misdemeanor.

- **North Dakota HB 1045** was signed by the Governor on April 26, 2021. The law allows the Commissioner of Agriculture to set the allowable THC concentration in hemp and defines THC to include Delta-9, Delta-8, Delta-10, and Delta-7 THC. The bill also prohibits North Dakota hemp licensees from selling hemp or hemp products that were “created using the isomerization of cannabinoids to create isomers of tetrahydrocannabinol, including Delta - 8, Delta - 9, and Delta – 10 tetrahydrocannabinol.”
- **Oklahoma HB 1961** was introduced in the Oklahoma House on February 1, 2021. The bill would bring delta-8 under the purview of the state’s regulated marijuana program by defining marijuana to include Delta-8 and Delta-10 tetrahydrocannabinol with a concentration in excess of .3% on a dry weight basis.
- **Oregon HB 3000** was introduced in the Oregon House on January 21, 2021 and a public hearing was held on April 20, 2021. The bill gives regulatory authority over “artificially derived cannabinoids” to the Oregon Liquor Control Commission. The bill also defined THC to include “all tetrahydrocannabinols that are artificially or naturally derived, including but not limited to Delta-8 tetrahydrocannabinol and Delta-9 tetrahydrocannabinol.”
- **Texas HB 2593** was amended in the Senate to add the following language to the definition of a controlled substance: “Controlled substance” means a substance, including a drug, an adulterant, and a dilutant, listed in Schedules I through V or Penalty Group 1, 1-A, 2, 2-A, 2-B, 3, or 4. The term includes the aggregate weight of any mixture, solution, or other substance containing a controlled substance. The term does not include hemp, as defined by Section 121.001, Agriculture Code, or the tetrahydrocannabinols in hemp, except that the term includes a consumable hemp product, as defined by Section 443.001, if the sum of all tetrahydrocannabinol concentrations in the product is more than 0.3 percent on a dry weight basis. The addition of this language would make any product that contains > 0.3% of any form or combination of forms of THC (including Delta-8) a controlled substance. The bill was amended in the senate and now must go back to the House for concurrence.
- On May 14, 2021 the **Colorado Marijuana Enforcement Division** notified marijuana business owners that modified or synthetic versions of THC derived from industrial hemp could not be sold in Colorado stores.

Regardless of what individual state legislatures have determined in terms of the legality of Delta-8 THC, each state Attorney General has the power to ban Delta-8 THC from the shelves of stores in each of the 50 states, plus the District of Columbia. Indeed, state Attorneys General have utilized their powers in the past to prohibit products such as “alcopops,” “Four Loko,” and other inappropriate products marketed toward young people.⁵ Specifically, state Attorneys General have two extremely powerful tools in their arsenal — the individual state Consumer Protection Act and the Unfair and Deceptive Acts and Practices (UDAP) law. Taken together, these two laws provide the wide-ranging power for a state Attorney General to remove Delta-8 because it is potentially harmful to users, including underaged people, as well as the lack of transparency and disclosure of the packaging concerning the contents of Delta-8 and the potential consequences of its use. Thus, while some may argue about the legality of Delta-8, the state Attorneys General may exert their inherent powers authorized by the Consumer Protection Acts and UDAP to unilaterally eliminate Delta-8 from the marketplace.

6. Statements Made by Relevant Organizations

For the most part, hemp and marijuana industry trade organizations have expressed concern with the current situation in which a substantial unregulated and uncontrolled Delta-8 THC market has been allowed

to proliferate. Indeed, at least one hemp industry group, the US Hemp Roundtable (USHR), has issued a statement opposing the marketing and selling of intoxicating products as hemp, fearing that it jeopardizes the future of non-intoxicating hemp products such as CBD. The USHR press release states, “The U.S. Hemp Roundtable, the hemp industry’s national business advocacy organization, is opposed to marketing products, under the guise of the hemp name, for any intoxicating value or euphoric effect -- an irresponsible practice highlighted in recent news reports.” While the group’s press release does not directly reference Delta-8 THC, it does point to articles from Rolling Stone and The New York Times on the topic of Delta-8 THC.

Other actors in the space are skeptical about whether the Delta-8 THC is pragmatic for the cannabis industry. Morgan Phaxia, a co-founder of the cannabis investment fund Poseidon Asset Management, offered a statement that typifies this mindset, saying that the sale of Delta-8 THC is “playing a game around uncertainty, which we don’t need to do anymore.”⁶

Conclusion

As discussed above, there is no evidence that Delta-8 THC is an inherently dangerous or problematic substance; rather, it is an analog of Delta-9 THC which is increasingly accepted by a number of states for use by individuals suffering from a range of state identified medical conditions and as a recreational intoxicant for use by adults. That said, like any substance falling into these categories, distribution and sales of **Delta-8 THC should be carefully regulated and controlled so that consumers can be confident the products’ contents are known and safe as well as predictable in their effects.** The unregulated distribution of Delta-8 THC products is inconsistent with these principles and poses significant risks to adults and minors. Moreover, the continued proliferation of unregulated and unsafe Delta-8 THC products has the potential for confusing patients and consumers leading to a loss of confidence in the nascent cannabis industry. Only by including Delta-8 THC products in the existing Delta-9 THC regulatory scheme can we ensure that THC products continue to be distributed and used in a safe and appropriate manner.

A CALL TO ACTION

The Health Risks of Delta-8 THC and What's Needed Now

The sale of Delta-8 THC, the psychoactive cannabinoid synthesized from hemp, is making news across the United States, particularly in states where cannabis remains illegal. Sales of Delta-8 products have exploded at gas stations and convenience stores across the country, creating easy access for underage consumers as the market is flooded with information claiming that the compound offers a “legal” high.

This represents a major consumer safety issue, posing dangers greater than the “vape crisis” of 2019.

We as a regulated, tested, verified, and taxed industry are voicing our concern.

Indeed, most of the regulated cannabis industry agree that any product containing any psychoactive cannabinoids, such as Delta-8 THC, must be regulated, tested and controlled in the same manner as inhalable or consumed cannabis products in the regulated cannabis market. Unregulated, untested products should not be offered by unlicensed producers to consumers in stores, online, or anywhere.

The spread of Delta-8 THC is being driven by spurious legal arguments that the Farm Act 2018 legalized the sale of psychoactive cannabinoids merely because they are derived from chemicals extracted from hemp. The Drug Enforcement Agency’s August 2020 Interim Final Rule has clarified that the Farm Bill 2018 did not legalize “synthetic” compounds merely because the raw materials are extracted from hemp. Nevertheless, proponents of an unregulated Delta-8 THC market point to lack of specific references to Delta-8 THC in guidance from federal and many state regulators to insist that despite the law and existing guidance, a “loophole” or “grey areas” still exist. As a result, Delta-8 THC is currently being sold across the country with no safeguards in place. The product is easily purchased by minors. There are no requirements for testing of potency, pesticides, or adulterants. Childproof packaging is not required, and neither are warning or informational labels of any type.

Regulating Delta-8 THC is critical to avoid similar issues the industry saw with the vape crisis in 2019—when products from the unregulated market caused major health issues for consumers and damaged public trust for the entire industry. We are at risk for a similar crisis if regulators and state lawmakers - and concerned consumers - do not act:

- The process to convert CBD to Delta-8 THC may require the use of chemicals not safe for consumption.
- Many of the processors converting the compound in the unregulated market are not qualified chemists working with the appropriate lab equipment, and the potential for residual chemicals or contamination is real.
- Where Delta-8 THC producers make testing claims, there are no standards for such testing, leading to misleading claims. Furthermore, the labs claiming to verify product safety are not accredited and may not produce accurate results.

To date, over 12 states have adopted specific measures to ban Delta-8 sales, while other states such as New York, Illinois, Oregon, and California are adopting regulatory frameworks that allow for Delta-8 THC or any THC only if it is tested, verified, and sold through the regulated marketplace. Just this week, it was announced that hemp-derived Delta-8 and Delta-10 THC are now banned in Colorado dispensaries, a significant development given the state's leading position in cannabis legislative issues.

Most recently, The Michigan [Poison Center at Wayne University](#) issued a warning notice about Delta-8 after “two cases of severe adverse reactions were reported in children who {...} developed sedation, slowed breathing, low blood pressure and slowed heart rate, requiring admission to the intensive care unit.” According to the [University of Virginia Health](#) Poison Center, “Delta-8-THC ingestions reported to poison control centers have been associated with a variety of clinical symptoms, including drowsiness, bradycardia, and hypotension sometimes requiring vasopressors. Other patients report feeling confused and anxious, with tachycardia and generalized numbness.”

Leading cannabis industry organizations (the [USCC](#) and [US Hemp Roundtable](#)) have made their position clear:

Delta-8 is federally illegal (FDA and DEA) and is a safety risk due to it being a psychoactive product that is not being regulated and tested. We are extremely concerned that another vape crisis is coming if the agencies and state lawmakers do nothing. Any psychoactive product from hemp or cannabis should be tested, verified safe and only sold through the regulated marketplace.

If you are interested, we can share independently verified test results recently conducted on Delta-8 samples. Also, please note that representatives from the [USCC](#) and [US Hemp Roundtable](#) are available to discuss the dangers of having unregulated, untested, unverified Delta-8 THC in the public marketplace.

We look forward to connecting on this important issue soon.

Delta-8 THC Independent Test Results

Background

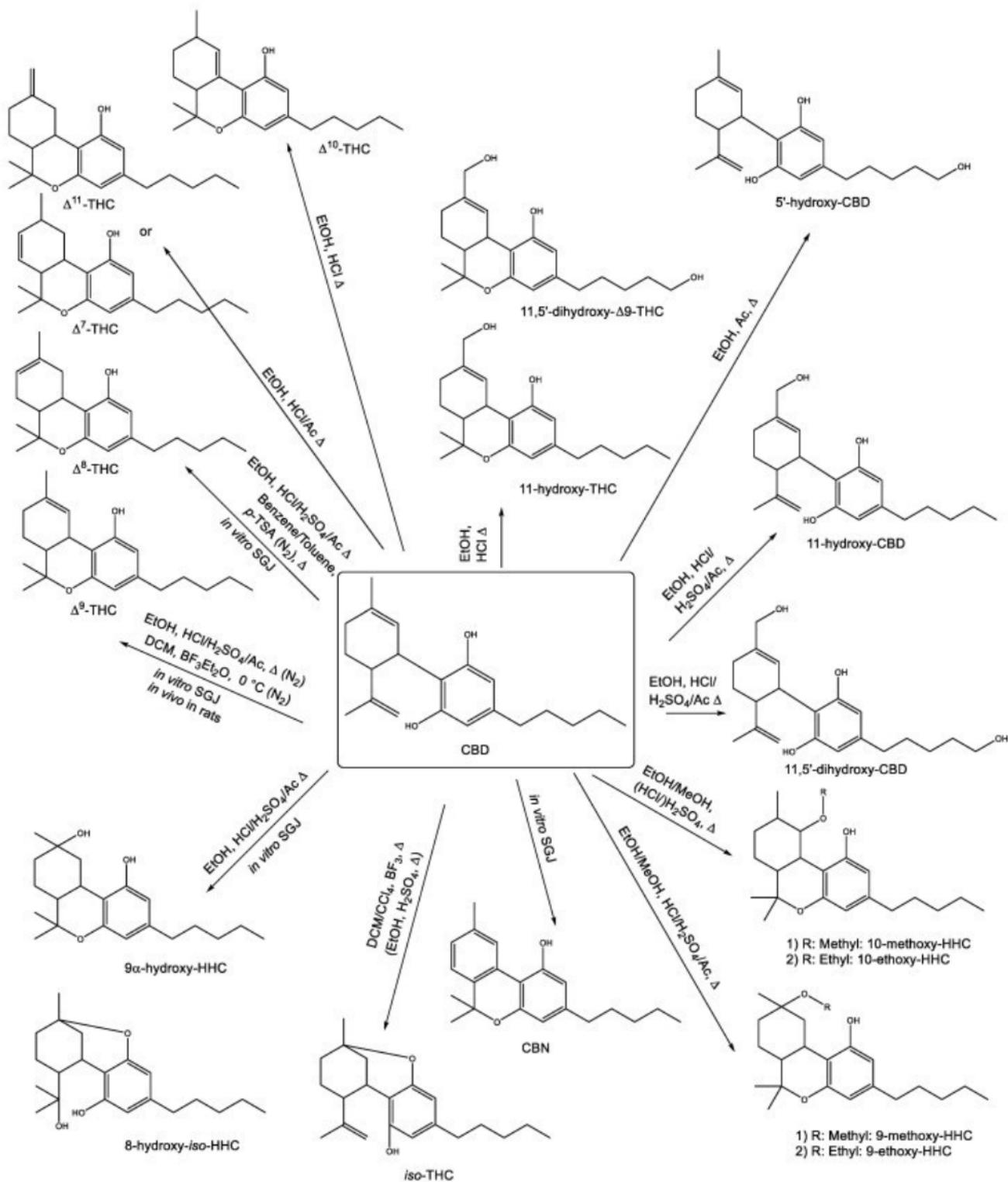
The legal hemp industry has been coexisting with the regulated cannabis industry for a number of years on a state-by-state basis. However, the passing of the 2018 Farm Bill by the USDA accelerated the entry of new hemp cultivators, processors, manufacturers, and retailers eager to profit off the newly deregulated cannabidiol (CBD) market. CBD based materials began appearing everywhere from grocers to pharmacies such as CVS, to gas stations, typically with substantial price tags for the CBD based materials. Unfortunately, the 2018 Farm Bill did not require or specify a safety testing protocol. The only requirement was that all materials must be regulated delta-9-tetrahydrocannabinol (D9-THC) compliant. The D9-THC compliance level was set at less than 0.3% by weight, which was already in use by many states' agricultural bureaus.

While no safety testing was required by the 2018 Farm Bill, many responsible CBD based businesses would electively perform safety testing consistent with the regulated cannabis industry, often utilizing the same laboratories and testing suites. Unfortunately, many businesses could either not afford the cost of testing, or simply did not care about the perceived safety of their products and there was (and still is) no mechanism to control the bad players in the legal hemp market.

To compound the problem, the surplus of available hemp and CBD rapidly rose due to the large influx of new contributors post the 2018 Farm Bill. The glut of available raw materials compounded by limited demand for CBD based products began to erode the market price of hemp biomass and associated CBD oils and isolate to the point where many CBD businesses could not continue. The solution to these business problems was to convert their devalued CBD into a higher value product by isomerization chemistry processes.

Research papers discussing the conversion of CBD into THC molecules were published many decades ago^(1,2) and these processes were revived by modern CBD manufacturers. Isomerization reactions typically involve organic solvents, acids, catalyst elements or salts, heat, and time. The THC molecule has 30 structural isomers, one of them is predominantly produced natively by the cannabis plant, the (6aR,10aR)-delta-9-THC isomer. The isomerization reaction is non-specific and results in the creation of mixtures of synthetic THC isomers with D8-THC often the dominant product. Other cannabinoid isomers, and many other unintended reaction byproducts (Figure 1) that are typically cannabinoid-like molecules, but with various functional group substitutions that render them unknown are also present. Without additional purification or cleanup, these reaction products almost always contain D9-THC at levels greater than the 0.3% limit in addition to the newly formed unknown compounds which have an uncharacterized safety profile and may be of high risk for consumer use.

Figure 1 – Overview of various chemical conversions of cannabidiol (CBD) to different conversion products and the respective conditions, which are reported in the literature. ⁽³⁾



Scope

Sixteen samples of non-cannabis based, over-the-counter products featuring D8-THC were sourced in April of 2021. The samples originated in many different states within the U.S. including California, Florida, Nevada, Texas, Michigan, Massachusetts, North Carolina, and Indiana. The samples were analyzed for a suite of chemicals including cannabinoid profiles, elemental analysis including heavy metals, residual solvents, and exploratory analysis for unknown compounds. The purpose of the analyses was to evaluate the legality of the samples from a D9-THC perspective, and well as to evaluate general consumer safety of the products.

Methods

All samples were processed by ProVerde Laboratories in Milford, MA for cannabinoid profiles by solvent dilution and UPLC-UV analysis, residual solvents by full evaporative technique (FET) GC/MS headspace analysis, and elemental analysis by microwave digestion and ICP-MS analysis.

All samples were legally obtained from various non-regulated retail stores or online retail vendors.

This narrative describes the results and compares the samples.

Results

Cannabinoid Content

All investigated samples contained a mixture of THC isomers with D8-THC featured as the primary cannabinoid per the product's label claim. All investigated samples also contained regulated D9-THC at levels substantially higher than the USDA 0.3% upper limit with the exception of a single sample of tincture where the total cannabinoid concentration was substantially diluted to 10 mg/mL. The mean D9-THC value was about 3.4%, with a range of about 1.3% - 5.3%. None of the tested samples were 2018 Farm Bill compliant. The mean D9 concentration of the sample set was more than 10 times greater than the USDA limit of 0.3% and all samples are non-compliant (illegal) products.

Elemental Analysis

All investigated samples contained a mixture of various elements as trace composition.

Heavy Metals: No mercury (Hg), arsenic (As), or cadmium (Cd) were detected in any sample. Lead (Pb) was detected in four of the 16 samples investigated, but the detected levels in the four samples was below the USP limit for inhalation.

Other Metals: Of the remaining elemental panel, seven of 16 samples failed USP limits for inhalation on copper (Cu), chromium (Cr) or nickel (Ni).

The presence of elevated levels of copper, chromium and nickel are likely due to reaction catalysts and poor cleanup or purification and creates substantial additional risk to consumers.

Residual Solvents Analysis

All investigated samples also contained a mixture of chemical solvents. USP classifies chemical solvents into three categories; 1. Solvents to be avoided, 2. Solvents to be limited, and 3. Solvents with low toxic potential.

Class 1: No benzene was found in any samples.

Class 2: No acetonitrile or cyclohexane was detected in any samples. Dichloromethane, and methanol were found once in different samples of the set of 16. Hexane was found in three of the 16 samples. All detected levels were below US limits for inhalation.

Class 3: Dimethyl sulfoxide and pentane were not detected in any samples. Acetone was detected in every sample. Ethanol was detected in 13, ethyl acetate in 7, Heptane once, isopropanol in 9 of the 16 samples. All detected levels were below US limits for inhalation.

Butane, isobutane, and propane were also measured, but were not detected in any samples.

Vitamin E Acetate Analysis

VCE acetate (VEA) was a constituent of concern in 2019 due to a series of VEA laden vape carts that induced respiratory problems. VEA was not detected in any of the samples and does not appear to be a diluent or additive of concern.

Exploratory Analysis

Exploratory analysis showed a commonality of about 10 or 11 analytical peaks that appear to be forming as secondary reaction products. Cannabicitran (CBT), exo-THC, and CBN appear as small peaks in nearly every D8 cart sample investigated. Further, there are about seven peaks that reoccur in most of the samples that have mass spectra similar to known cannabinoids but can not be definitively identified with a current NIST mass spectral library. These compounds appear to be isomers of known cannabinoids or may have minor functional group or double bond positional adjustments rendering them as new, unknown compounds with no toxicological characterization available.

One sample in particular, the High Life - Gorilla Glue cart showed a substantially different unknown profile than most of the other samples. Several unknown cannabinoid-like compounds were present; however, the mass spectral fragmentation showed that the compound mass was not 314 atomic mass units (AMU) like all other standard cannabinoids but had been increased to 360 AMU. The difference of 46 AMU and considering the fragmentation rule of N+1 (47) suggests that these peaks may be CH₂SH substituted cannabinoids. The mass spectral comparison is presented in Figure 3.

If the reaction were performed using a sulfur catalyst and a particular acid selection, these types of molecules could be formed. Interestingly, this sample had one of the highest sulfur values of the group with over 4,000 ppm of sulfur detected.

The unknown compounds create substantial risk for consumer safety.

Authors

James Roush, Principal Scientist, Curaleaf

Dr. Christopher Hudalla, Chief Science Officer, ProVerde Laboratories, Inc.

References

Y. Gaoni, R. Mechoulam, Hashish—VII: the isomerization of cannabidiol to tetrahydrocannabinols, Tetrahedron 22 (4) (1966) 1481–1488.

G. Barrie Webser, L. Sarna, and R. Mechoulam: United States Patent: US 7,399,872, filed March 7th, 2002

P. Golombek, M. Muller, I. Barthlott, C. Sproll, and D. Lachenmeier: Conversion of Cannabidiol (CBD) into Psychotropic Cannabinoids Including Tetrahydrocannabinol (THC): A Controversy in the Scientific Literature, Toxics, June 3rd, 2020.

Table 1. Cannabinoid Concentration Results

Lab Sample #	TestDate	Brand	Product	State	Matrix	D9-THC	CBD	CBDV	CBG	CBC	CBN	D8-THC	EXO-THC
94183	5/6/2021	High Life	Gorilla Glue	MA	Vape Oil	4.4341	0	0	0	0	0.1355	76.1838	1.6967
94184	5/6/2021	3CHI	Caribbean Dream	IN	Vape Oil	3.7638	0	0	0	0	0	93.6328	2.7088
94185	5/6/2021	Organic CBD Nugs	GrapeApe	TX	Vape Oil	5.0307	0	0	0	0	0.1482	84.9216	1.4947
94186	5/6/2021	EightySix	Blue Dream	CA	Vape Oil	3.93	0	0	0	0	0.4571	66.3305	3.8952
94187	5/6/2021	ChillPlus	Pineapple Express	FL	Vape Oil	1.2958	0.7709	0	0	0	0	92.6559	1.216
94188	5/6/2021	The Hemp Doctor	Sour Diesel	NC	Vape Oil	4.8749	0	0	0	0	0.1148	92.1463	1.8425
94189	5/6/2021	Treetop Hemp Co	Skywalker OG	CA	Vape Oil	2.8742	0	0	0	0	0	80.0427	1.337
94190	5/6/2021	MoonWkr	Strawberry Gelato	NV	Vape Oil	2.4569	0	0	0	0	0.0682	92.2344	1.3653
94191	5/11/2021	VIIA	Lemon Diesel	CA	Vape Oil	1.4188	4.3451	0.16	0.1916	1.0283	0.7054	86.2685	1.312
94192	5/11/2021	Delta Effex	Grand Daddy Purp	CA	Vape Oil	1.8864	0.0317	0	0	0	0	91.1463	1.1818
94300	5/9/2021	Miracle Leaf Delta8	THC	FL	Tincture	0.13	0	0	0	0	0.1336	6.5171	0.2592
94301	5/11/2021	Urb Delta8	DAB5 Banana Runtz	FL	Vape Oil	4.8209	0	0	0	0	0.342	89.7287	3.141
94302	5/11/2021	Moon Men	Delta8 Shatter	FL	Vape Oil	3.3589	0	0	0	0	0	95.9689	1.7562
94303	5/11/2021	Privada RUNTZ	RUNTZ Delta8 DAB DART	??	Vape Oil	2.1138	0	0	0	0	0	92.7028	1.4847
94304	5/11/2021	MED Roots	DELTA EIGHT Strawberry Cough	MI	Vape Oil	3.3307	0	0	0	0	0.1541	83.7729	1.4845
94305	5/11/2021	Palm Treez	Delta8 Disidos	FL	Vape Oil	5.2925	0	0	0	0	0	90.6909	2.81

Red - Exceeds USDA Limit of 0.3% by wt. for D9-THC

Results reported in Wt. %

Cannabinoids with no detections in any samples were not presented

Table 2. Elemental Concentration Results

Lab Sample #	Test Date	Brand	Product	State	Matrix	Al	As	Ca	Cd	Cr	Cu	Fe	Hg	K	Mg	Mn	Mo	Ni	P	Pb	S	Se	Zn	Zr
94183	4/30/2021	High Life	Gorilla Glue	MA	Vape Oil	0.382	0	9.013	0	0.0404	0.455	4.065	0	3.479	0	0	0.593	8.201	0	4.384	0	0.063	0.007	
94184	4/30/2021	3CHI	Caribbean Dream	IN	Vape Oil	0.226	0	7.849	0	0.0354	0.883	3.206	0	0	0	0.14	8.965	0	2.864	0	0.141	0.017		
94185	4/30/2021	Organic CBD Nugs	GrapeApe	TX	Vape Oil	0.226	0	5.819	0	0.0373	1.725	3.392	0	0	0	1.409	5.042	0.342	3.253	0	5.334	0.026		
94186	4/30/2021	EightySix	Blue Dream	CA	Vape Oil	1.5377	0	8.011	0	0.0299	0.158	5.704	0	2.292	0	0	0.465	3.531	0	7.267	0	0	0.434	
94187	4/30/2021	ChillPlus	Pineapple Express	FL	Vape Oil	2.018	0	6.74	0	0	2.221	2.941	0	2.488	0	2.688	0	1.553	4.055	0.503	3.573	0	2.345	0.036
94188	4/30/2021	The Hemp Doctor	Sour Diesel	NC	Vape Oil	0.216	0	7.052	0	0.0388	45.911	3.717	0	2.426	0	0.022	0	8.411	1.64	0.324	3.84	0.01	5.178	0.006
94189	4/30/2021	Treetop Hemp Co	Skywalker OG	CA	Vape Oil	0	0	6.139	0	0.072	3.187	2.18	0	2.574	0	0	0.695	2.946	0.076	4.126	0	3.196	0.03	
94190	5/6/2021	MoonWkr	Strawberry Gelato	NV	Vape Oil	0.438	0	1.919	0	1.419	0	5.044	0	0	0.677	0.124	290.729	0.884	0	1.365	0	0.29	0.022	
94191	5/6/2021	VIIA	Lemon Diesel	CA	Vape Oil	0.17	0	0	0	0	0.575	0	0.805	0.303	0	0.7248	0	3.25	0	1.802	0	0	0.007	
94192	5/7/2021	Delta Effex	Grand Daddy Purp	CA	Vape Oil	0.359	0	2.511	0	1.055	0.331	10.979	0	17.342	2.753	0.244	803.303	0.366	0	0	0.717	0.345	0.02	
94300	5/7/2021	Miracle Leaf Delta8	THC	FL	Tincture	0.279	0	3.956	0	0	0.319	0.316	0	7.021	1.98	0	27.075	0	1.623	0	0	0.602	0.15	0.007
94301	5/7/2021	Urb Delta8	DAB5 Banana Runtz	FL	Vape Oil	0.34	0	3.191	0	0.207	0.549	0.957	0	8.745	2.313	0	15.262	0	2.178	0	0	0.838	0.214	0.007
94302	5/7/2021	Moon Men	Delta8 Shatter	FL	Vape Oil	0.547	0	9.663	0	0	0.971	6.418	0	6.488	1.28	0	10.662	0	3.472	0	0	0	0.345	0.036
94303	5/7/2021	Privada RUNTZ	RUNTZ Delta8 DAB DART	??	Vape Oil	0.735	0	9.457	0	0	0.086	0.629	0	6.302	1.361	0	12.517	0	4.347	0	0	0	0.085	0.007
94304	5/7/2021	MED Roots	DELTA EIGHT Strawberry Cough	MI	Vape Oil	0.661	0	3.467	0	0.0455	0.836	0	3.881	1.127	0	21.936	0	5.366	0	0	0.519	0.143	0.021	
94305	5/7/2021	Palm Treez	Delta8 Disidos	FL	Vape Oil	0.447	0	3.2	0	0.788	1.435	0	10.934	2.368	0	5.873	0.363	1.951	0	0	0	0.339	0.039	

Red - Exceeds USP Limit

Results reported in ppm

Table 3. Chemical Solvent Results

Lab Sample #	TestDate	Brand	Product	State	Matrix	Acetone	Acetonitrile	Benzene	Butane	Cyclohexane	Dichloro-methane	Dimethyl Sulfoxide	Ethanol	Ethyl Acetate	Heptane	Hexane	Isobutane	Isopropanol	Methanol	Pentane	Propane
94183	5/10/2021	High Life	Gorilla Glue	MA	Vape Oil	10.89	0	0	0	0	0	0	4.65	0	0	0	0	0	0	0	0
94184	5/10/2021	3CHI	Caribbean Dream	IN	Vape Oil	24.12	0	0	0	0	0	0	64.56	162.23	0	0	0	0	0	0	0
94185	5/10/2021	Organic CBD Nugs	GrapeApe	TX	Vape Oil	13.58	0	0	0	0	0	0	60.09	1511.76	0	0	0	0	50.42	0	0
94186	5/10/2021	EightySix	Blue Dream	CA	Vape Oil	13.92	0	0	0	0	0	0	111.83	250.64	0	0	0	0	3.03	0	0
94187	5/10/2021	ChillPlus	Pineapple Express	FL	Vape Oil	1.64	0	0	0	0	0	0	1.3	108.45	0	0	0	0	1.84	0	0
94188	5/10/2021	The Hemp Doctor	Sour Diesel	NC	Vape Oil	8.05	0	0	0	0	0	0	0	0	0	0	0	0	3.85	0	0
94189	5/10/2021	Treetop Hemp Co	Skywalker OG	CA	Vape Oil	3.62	0	0	0	0	0	0	6.85	0	0	0	0	0	27.53	0	0
94190	5/10/2021	MoonWkr	Strawberry Gelato	NV	Vape Oil	31.4	0	0	0	0	0	0	5.55	259.45	0	0.97	0	0	261.52	0	0
94191	5/10/2021	VIIA	Lemon Diesel	CA	Vape Oil	22.84	0	0	0	0	2.22	0	9.56	0	0	1.35	0	0	1.83	0	0
94192	5/10/2021	Delta Effex	Grand Daddy Purp	CA	Vape Oil	2.57	0	0	0	0	0	0	59.22	0	0	0	0	0	0	16.02	0
94300	5/10/2021	Miracle Leaf Delta8	THC	FL	Vape Oil	1.37	0	0	0	0	0	0	1.13	0	0	0	0	0	0	0	0
94301	5/10/2021	Urb Delta8	DAB5 Banana Runtz	FL	Vape Oil	3.12	0	0	0	0	0	0	1.62	0	0	11.02	0	0	0	0	0
94302	5/10/2021	Moon Men	Delta8 Shatter	FL	Vape Oil	2.48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
94303	5/10/2021	Privada RUNTZ	RUNTZ Delta8 DAB DART	??	Vape Oil	3.65	0	0	0	0	0	0	53.04	0	0	1.64	0	0	0	0	0
94304	5/10/2021	MED Roots	DELTA EIGHT Strawberry Cough	MI	Vape Oil	40.26	0	0	0	0	0	0	326.32	128.33	0	0	0	0	123.84	0	0
94305	5/10/2021	Palm Treez	Delta8 Disidos	FL	Vape Oil	10.91	0	0	0	0	0	0	1.76	8.18	0	0	0	0	0.38	0	0
					USP Limit	5000	410	2	-	3880	600	5000	5000	5000	5000	290	-	5000	3000	5000	-

Results reported in ppm
All results were under USP limits (USP 467 - Residual Solvents)

Figure 2. Exploratory Analysis and Detail of Unknowns

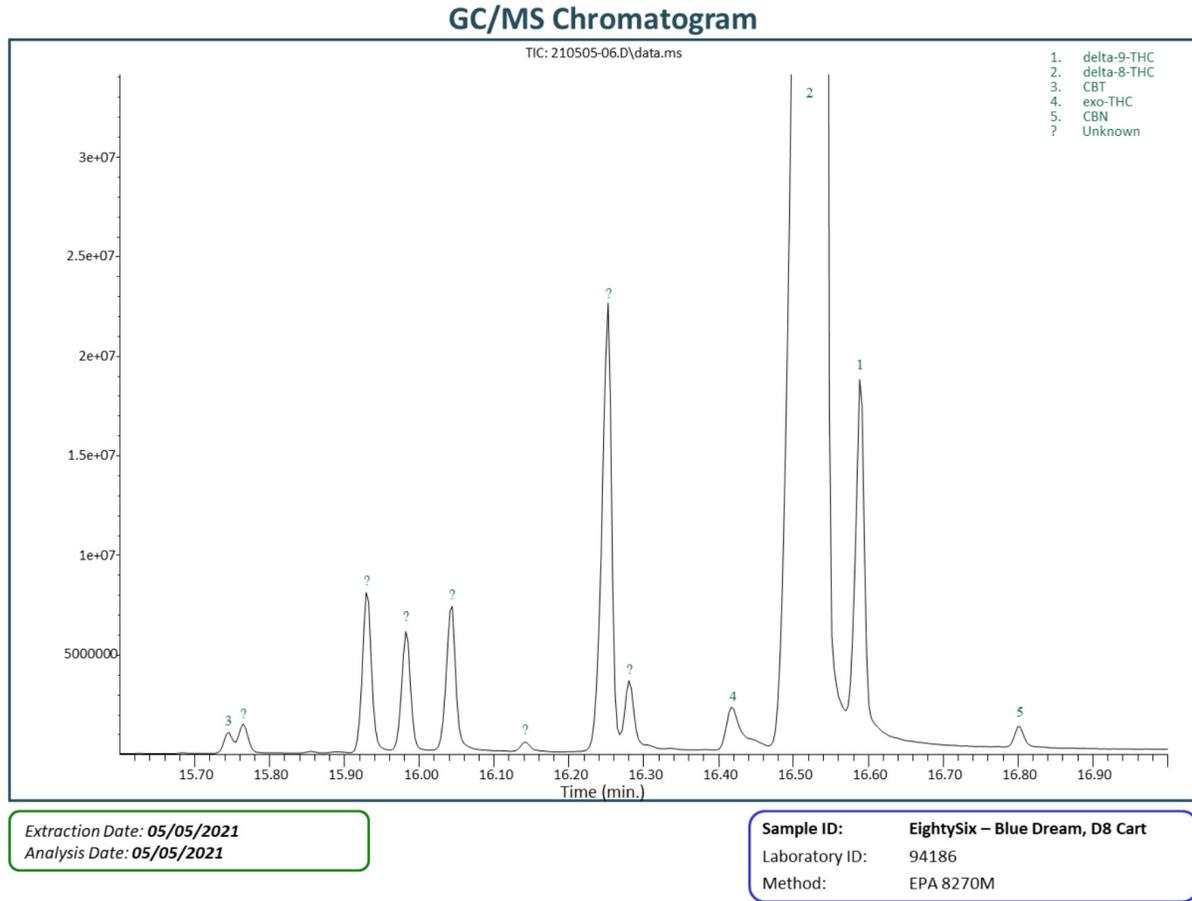
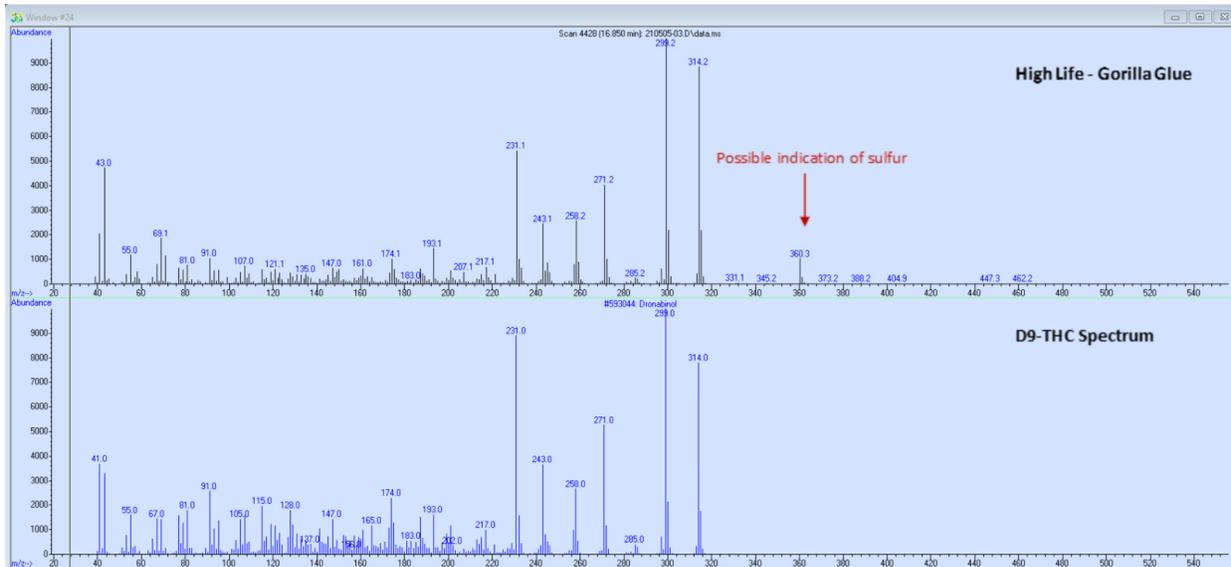


Figure 3. High Life - Gorilla Glue – Mass Spectral Comparison to D9-THC (as Dronabinol)



Federal Memorandum

C A D W A L A D E R

Cadwalader, Wickersham & Taft LLP
700 Sixth Street, N.W., Washington, DC 20001
Tel +1 202 862 2200 Fax +1 202 862 2400
www.cadwalader.com

Memorandum

To: US Cannabis Council
From: Cadwalader, Wickersham & Taft LLP
Date: May 13, 2021
Re: Federal Risks of Delta-8

Delta-8-Tetrahydrocannabinol (“Delta-8”) is the newest cannabinoid to hit the United States market after Congress legalized the production of hemp in 2018. Unlike CBD, which is non-psychoactive, Delta-8 is being marketed as a “legal” high with less potent, but similar effects to Delta-9-Tetrahydrocannabinol, the primary psychotropic in marijuana. Because Delta-8 is so new, much confusion exists around its legal status at the federal level, though most informed commentators believe that it will ultimately fall under the regulatory framework of the Controlled Substances Act (“CSA”).

Many commentators and marketers suggest that Delta-8 is legal on the federal level under the 2018 Farm Bill,¹ which defined “hemp” as “the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.” 7 U.S.C. § 1639o. The 2018 Farm Bill also revised the CSA definitions of “marihuana” to exclude the new definition of hemp and the definition of “tetrahydrocannabinols” to exclude “tetrahydrocannabinols in hemp.” H.R.2 § 12619. Because Delta-8 naturally occurs in small quantities in cannabis,² they argue that these changes could be interpreted as exempting Delta-8 from control under the CSA.

However, the Drug Enforcement Administration (“DEA”), in August 2020, issued an “interim final rule” to codify, in the DEA regulations, the CSA amendments made by the 2018

¹ The “2018 Farm Bill” refers to the Agricultural Improvements Act of 2018.

² See <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3736954/>

C A D W A L A D E R

Farm Bill.³ 85 Fed. Reg. 51639 (Aug. 21, 2020). The DEA recognized the revised definition of “marihuana” and clarified that to qualify for the “hemp” exception to the definition of marihuana, “a cannabis-derived product must itself contain 0.3% or less Δ^9 -THC on a dry weight basis.” *Id.* at 51641. But the DEA also clarified that “definition of hemp does not automatically exempt any product derived from a hemp plant, regardless of the Δ^9 -THC content of the derivative” and that “a cannabis derivative, extract, or product that exceeds the 0.3% Δ^9 -THC limit is a schedule I controlled substance, even if the plant from which it was derived contained 0.3% or less Δ^9 -THC on a dry weight basis.” *Id.* The DEA further recognized that the effect of the 2018 Farm Bill was to “limit[] the control of tetrahydrocannabinols.” *Id.* Accordingly, tetrahydrocannabinols are deemed not controlled if they are “naturally occurring constituents of the plant material,” and “contain 0.3% or less of Δ^9 -THC by dry weight” “unless specifically controlled elsewhere under the CSA.” *Id.* The DEA also noted that the 2018 Farm Bill “does not impact the status of synthetically derived tetrahydrocannabinols (for Controlled Substance Code Number 7370) because the statutory definition of ‘hemp’ is limited to materials that are derived from the plant *Cannabis sativa* L. For synthetically derived tetrahydrocannabinols, the concentration of Δ^9 -THC is not a determining factor in whether the material is a controlled substance. All synthetically derived tetrahydrocannabinols remain schedule I controlled substances.” Neither DEA regulations nor the CSA define “synthetically derived.” As of April 2021, the DEA-published Controlled Substance by DEA Drug Code Number 7370 lists “Delta-8 THC” among “other names” for tetrahydrocannabinols.⁴

Therefore, Delta-8 is at high risk of being treated as a Schedule I controlled substance by the DEA under the 2020 Interim Final Rule. Delta-8 is not commercially produced by direct extraction from hemp because the quantities of naturally occurring Delta-8 are so small. Instead, it is lab-made by converting hemp-extracted CBD to Delta-8 through a chemical process.⁵ The conversion from CBD to Delta-8 also often creates Delta-9 at a concentration about the 0.3% threshold, although apparently some producers are working to minimize Delta-9 conversion.⁶ Delta-8 can also be chemically converted from Delta-9 by an even simpler process than CBD-conversion.⁷ While none of these methods of conversion necessarily meet a strict scientific

³ https://www.dea diversion.usdoj.gov/fed_regs/rules/2020/fr0821.htm

⁴ https://www.dea diversion.usdoj.gov/schedules/orangebook/d_cs_drugcode.pdf. Some commentators have stated that the DEA uses the same code number for Delta-8 and “marihuana,” (*see, e.g., https://www.hklaw.com/en/insights/publications/2020/10/hemp-industry-brings-case-against-dea-to-clarify-deas-hemp-rule*), but the most recent update to the drug codes assigns “marihuana” drug code number 7360 and “tetrahydrocannabinols” like Delta-8 drug code number 7370.

⁵ <https://www.cannabistech.com/articles/how-delta-8-is-made-in-the-lab/>

⁶ *See, e.g., https://acslabcannabis.com/blog/extraction/the-ultimate-guide-to-delta-8-thc-synthesis-methods-safety-and-purity/*

⁷ <https://extractionmagazine.com/2021/02/19/converting-cbd-to-delta-8-thc/>

C A D W A L A D E R

definition of “synthesis,” they do involve chemical manipulation of CBD (and Delta-9) to produce Delta-8 (and Delta-9). Moreover, it will likely be difficult for authorities to determine whether Delta-8 was derived from CBD or converted from Delta-9. For those reasons, it remains very likely that the DEA will view CBD-derived Delta-8 as a “synthetically derived” tetrahydrocannabinol under Schedule I.

Even if CBD-derived Delta-8 is not viewed as “synthetically derived,” Delta-8 would likely still be at high risk of being treated as a “controlled substance analogue” by the DEA. The Federal Analogue Act, 21 U.S.C. § 813, treats a controlled substance analogue, if intended for human consumption, to be treated for the purposes of federal law as a controlled substance in Schedule I of the Controlled Substances Act. A “controlled substance analogue” is any substance that has: (1) a substantially similar chemical structure to a schedule I or II controlled substance; and, (2) a substantially similar stimulant, depressant, or hallucinogenic effect on the central nervous system. 21 U.S.C. § 802(32). As to the first prong, the chemical structure of Delta-8 and Delta-9 are virtually identical—the only structural difference between them is the location of a carbon double-bond in the molecule. In Delta-9, the double-bond exists between the 9th and 10th carbon atom, whereas in Delta-8 the double-bond exists between the 8th and 9th carbon atom. This minor structural difference gives Delta-8 increased chemical stability, and thus shelf life, and reduces the efficiency at which Delta-8 binds to the CB1 receptor in the brain—which is why the “high” created by Delta-8 is thought to be less potent than the effect created by Delta-9. Nevertheless, experts estimate the effect of Delta-8 to be approximately 75% of the potency of Delta-9, which may easily meet the second requirement that the analogue have a “substantially similar” effect on the central nervous system. Given the near-universal agreement that the 2018 Farm Bill was not meant to legalize intoxicants, the DEA may very well view enforcement under the Federal Analogue Statute as consistent with the Farm Bill’s intent.

Ultimately, the ambiguity around the DEA’s interpretation of the 2018 Farm Bill Amendments and the language in the Farm Bill defining “hemp” as both the plant and its “derivatives” may arguably provide defenses were the DEA to seek an enforcement action against a Delta-8 producer or retailer. Nevertheless, the risk that Delta-8 will be treated as a Schedule I drug remains high until tested in the courts or clarified by the DEA or Congress.

Delta-8 also remains subject to FDA oversight. The 2018 Farm Bill also made clear that nothing in it would affect or modify the FDA’s authority under the Federal Food Drug and Cosmetic Act (“FD&C Act”). 7 U.S.C. § 1639r(c). After the 2018 Farm Bill’s passage, the FDA Commissioner publicly stated that “it’s unlawful under the FD&C Act to introduce food containing added CBD or [Delta-9] THC into interstate commerce, or to market CBD or THC

C A D W A L A D E R

products as, or in, dietary supplements, regardless of whether the substances are hemp-derived.”⁸ It is the FDA’s position that it is “illegal to introduce drug ingredients like these into the food supply, or to market them as dietary supplements.” The FDA has also stated that Delta-9 THC and CBD products cannot be sold as dietary supplements or food additives under the FD&C Act.⁹

While the FDA has not issued a statement specific to Delta-8, it is likely that it will be treated similarly to CBD and THC. Any substance intentionally added to food is a food additive, and therefore subject to pre-market review and approval by the FDA, unless the substance is generally recognized as safe (GRAS) by qualified experts under the conditions of its intended use. 21 U.S.C. §§ 321(s) and 348. Other than certain hemp seed products, no cannabis-derived ingredients have been the subject of a food additive petition, an evaluated GRAS notification, or have otherwise been approved for use in food by FDA.¹⁰ Therefore, sales of Delta-8 remain prohibited by the FDA as a food additive or dietary supplement. As for Delta-8 vaping products, the FDA will likely treat them similarly to CBD vaping products—if sold as a tobacco product then they may not be sold without FDA pre-market authorization. If sold as a drug, then vaping products cannot be marketed without an FDA-approved drug application.¹¹ As a result, Delta-8 products in their present market form as vaping products and consumables are illegal under the FD&C Act. To date, the FDA has not aggressively pursued state-licensed marijuana sellers under the FD&C Act, but whether the FDA would take that same approach to unlicensed sellers of Delta-8 is unclear.

In conclusion, retailers and producers of Delta-8 are at serious risk of federal enforcement for selling illegal products. A high risk exists that Delta-8 will ultimately be deemed as a Schedule I controlled substance by the DEA due to ambiguities in the DEA’s interpretation of amendments to the CSA by the 2018 Farm Bill. In addition, the FDA has not approved the use of Delta-8 as a drug, dietary supplement, or food additive, so the current Delta-8 products on the market—edibles and vaping products—are being sold illegally under the FD&C Act.

⁸ <https://www.fda.gov/news-events/press-announcements/statement-fda-commissioner-scott-gottlieb-md-signing-agriculture-improvement-act-and-agencys#:~:text=Press%20Announcements-.Statement%20from%20FDA%20Commissioner%20Scott%20Gottlieb%2C%20M.D.%2C%20on%20s igning%20of,cannabis%20and%20cannabis%2Dderived%20compounds&text=Scott%20Gottlieb%20 M.D.,2018%20was%20signed%20into%20law>

⁹ <https://www.fda.gov/media/131878/download>

¹⁰ FAQ No. 10 <https://www.fda.gov/news-events/public-health-focus/fda-regulation-cannabis-and-cannabis-derived-products-including-cannabidiol-cbd>

¹¹ See, e.g., Report to the U.S. House Subcommittee on Appropriations and the U.S. Senate Committee on Appropriations Cannabidiol (CDB) at 12 (March 2020) <https://nysba.org/app/uploads/2020/03/FDA-CBD-Report-to-Congress-March-2020.pdf>

Related Media Coverage of Delta-8 THC

Title	Publication	Editor	Link	Date
Is Delta-8 THC A Controlled Substance?	AboveTheLaw.com	Nathalie Bougenies	https://abovethelaw.com/2021/05/is-delta-8-thc-acontrolled-substance/	5/6/21
Amendment potentially harmful to hemp industry removed by Senate	Alabama Political Reporter	Brandon Moseley	https://www.alreporter.com/2021/04/27/amendmentpotentially-harmful-to-the-hemp-industry-removed-bysenate/	4/27/21
Delta-8 THC Jumps Thru Legal Loopholes	Cannabis Tech	KARHLYLE FLETCHER	https://www.cannabistech.com/articles/delta-8-thc-jumps-thru-legal-loopholes/	11/16/20
An unregulated, weed-like drug dubbed 'CBD on crack' has spiked in popularity. Now the legal pot industry is calling for a crackdown.	Chicago Sun Times	Tom Schuba	https://chicago.suntimes.com/cannabis/2021/4/12/22378819/delta-8-thc-wake-bakery-canna-cafe-marijuanacannabis-botanic-alternatives-dispensary-cbd	4/13/21
Delta-8 THC Offers A Legal High, But Here's Why The Booming Business May Soon Go Up In Smoke	Forbes	Will Yakowicz	https://www.forbes.com/sites/willyakowicz/2021/03/12/delta-8-thc-offers-a-legal-high-but-heres-why-the-booming-business-may-soon-go-up-in-smoke/?sh=58aa0a5d5b3d	3/12/21
Vermont Joins List of States to Ban Delta-8 THC	Ganjapreneur	Cara Wietstock	https://www.ganjapreneur.com/vermont-joins-list-ofstates-to-ban-delta-8-thc/	4/28/21
Alabama Senate Committee Passes Bill to Ban Delta-8 and Delta-10 Products	Ganjapreneur	TG Branfalt	https://www.ganjapreneur.com/alabama-senate-committee-passes-bill-to-ban-delta-8-and-delta-10-products/	4/6/21
Oregon Targets Delta-8 THC With New Regulations	Ganjapreneur	TG Branfalt	https://www.ganjapreneur.com/oregon-targets-delta-8-thc-with-new-regulations/	3/24/21
Delta-8 THC Is the Next Big Thing in Weed, and We Tried It	GQ	Chris Cohen	https://www.gq.com/story/delta-8-thc-is-the-next-bigthing-in-weed	4/20/21
The Advanced Guide to Delta-8 THC Flowers	Green Market Report	N/A	https://www.greenmarketreport.com/the-advanced-guide-to-delta-8-thc-flowers/	4/16/21
Delta-8 legality map	Greenway Magazine	Brandon Dunn	https://mogreenway.com/2021/05/03/delta-8-legality-map/	5/3/21
States Begin Implementing Delta-8 THC Bans	Hemp Grower	Douglas Brown	https://www.hempgrower.com/article/states-ban-delta-8-thc-industry-organizations-weigh-in-hemp-industries-association/	4/23/21
U.S. Hemp Roundtable Warns Against Marketing Psychoactive Properties of Delta-8	Hemp Grower	Teressa Bennett	https://www.hempgrower.com/article/us-hemp-roundtable-warns-against-marketing-psychoactive-intoxicating-properties-delta-8-thc/	3/9/21
More states banning delta-8 THC as regulators clarify its legality under federal law	Hemp Industry Daily	Laura Drotleff	https://hempindustrydaily.com/more-states-banning-delta-8-thc-as-regulators-clarify-its-legality-under-federal-law/	5/4/21
What's Up With the Sudden Delta-8 THC Craze?	Inside Hook	Logan Mahan	https://www.insidehook.com/article/health-and-fitness/what-is-delta-8-thc	5/5/21
What to know about Delta-8 THC, the legal-ish weed compound that gets you high	Insider	Andrea Michaelson	https://www.insider.com/what-is-delta-8-thc-does-it-get-you-high-2021-4	4/20/21
Omaha police: 3-year-old hospitalized after getting into mom's Delta 8 THC gummies	KETV Omaha	N/A	https://www.ketv.com/article/omaha-police-3-year-old-hospitalized-after-getting-into-thc-gummies/36365122#	5/7/21
Explainer: How Oregon lawmakers plan to address Delta-8 THC	KOIN Portland	Kelcie Grega	https://www.koin.com/news/oregon/explainer-how-oregon-lawmakers-plan-to-address-delta-8-thc/	5/2/21

Title	Publication	Editor	Link	Date
DELTA-8 THC -> EFFECTS TOLD BY USERS	LA Weekly	N/A	https://www.laweekly.com/delta-8-thc-%E2%86%92-effects-told-by-users/	4/13/21
Delta-8 Craze Puts Pot Attorneys On The Spot	Law360.com	N/A	https://www.law360.com/articles/1377167/delta-8-craze-puts-pot-attorneys-on-the-spot	4/29/21
How long will delta-8 remain legal?	Leafly	Bruce Kennedy	https://www.leafly.com/news/politics/how-long-will-delta-8-remain-legal	4/27/21
What is Delta-8?	Leafly	N/A	https://www.leafly.com/news/science-tech/what-is-delta8-thc	3/31/21
What Is Delta-8 and Is It Legal?	MG Magazine	N/A	https://mgretailer.com/cannabis-news/what-is-delta-8-and-is-it-legal/	4/13/21
CBD store raided in Menomonee Falls after two small children had a nonfatal overdose, sheriff says	Milwaukee Journal Sentinel	Cathy Kozlowicz	https://www.jsonline.com/story/communities/northwest/news/menomonee-falls/2021/04/03/menomonee-fallscbd-store-allegedly-sold-products-illegal-thclevels/7073054002/	4/3/21
United States: Delta-8: A New Low In Highs	Mondaq.com	Andrew Kline and Michael Bleicher	https://www.mondaq.com/unitedstates/cannabishemp/1065892/delta-8-a-new-low-in-highs	5/7/21
Delta 8: The Sudden Buyer Craze and Hazy Legal Status for a Hemp Product	Newsweek	John Jackson	https://www.newsweek.com/delta-thc-hemp-1583417	4/19/21
Delta-8-THC is legal—but is it safe? What to know about ‘weed lite’	NY Post	Michael Kaplan	https://nypost.com/2021/03/05/delta-8-thc-is-legalbut-is-it-safe/	5/5/21
This Drug Gets You High, and Is Legal (Maybe) Across the Country	NY Times	Matt Richtel	https://www.nytimes.com/2021/02/27/health/marijuana-hemp-delta-8-thc.html	2/27/21
What Is Delta-8 THC? Everything About This New Cannabinoid	Observer	N/A	https://observer.com/2021/04/delta-8-thc/	4/19/21
Best Delta 8 THC Carts: Top D8 Vape Cartridges Review (2021)	Observer	N/A	https://observer.com/2021/04/best-delta-8-thc-vape-carts/	4/16/21
THE DELTA-8 THC CONTROVERSY	Project CBD	Bill Weinberg	https://www.projectcbd.org/politics/delta-8-thc-controversy	4/19/21
Cannabis compound known as Delta-8 sparks debate	Spectrum Local News Texas	Leann Wallace	https://spectrumlocalnews.com/tx/south-texas-el-paso/news/2021/04/30/cannabis-compound-known-as-delta-8-sparks-debate	4/30/21
What is Delta 8 THC? It’s not marijuana, but it is creating a buzz in New York state	Syracuse Magazine	Don Cazentre	https://www.syracuse.com/marijuana/2021/05/what-is-delta-8-thc-its-not-marijuana-but-it-is-creating-a-buzz-in-central-new-york.html	5/10/21
Washington becomes latest state to clarify ban on hemp-derived ‘delta-8’ cannabis products	The Spokesman Review	Kip Hill	https://www.spokesman.com/stories/2021/apr/30/washington-becomes-latest-state-to-clarify-ban-on/	4/30/21
Delta-8-THC: The Latest Cannabinoid	University of Virginia: Tox Talks	N/A	https://med.virginia.edu/toxicology/wp-content/uploads/sites/268/2021/03/Mar21-Delta8THC.pdf	N/A
Michigan Poison Center issues warning about Delta-8 THC products	Wayne University	N/A	https://today.wayne.edu/medicine/news/2021/04/08/michigan-poison-center-issues-warning-about-delta-8-tchproducts-42155	4/8/21
DEA Attempts To Block New Cannabis Product After It Draws Similarities To Marijuana	WFSU Florida	Blaise Gainey	https://news.wfsu.org/state-news/2020-10-16/dea-attempts-to-block-new-cannabis-product-after-it-draws-similarities-to-marijuana	10/16/20
What 5 Studies Say About Delta 8 Gummies	WorldHealth.net	N/A	https://www.worldhealth.net/news/what-5-studies-say-about-delta-8-gummies/	5/7/21