



finance report under Chapter 6 of Title 16, Arizona Revised Statutes. Any expenditure advocating against one or more candidates shall be considered an expenditure on behalf of any opposing ~~candidate(s)~~ candidate or candidates. Penalties shall be assessed as follows:

- a. For an election involving a candidate for statewide office, the civil penalty shall be \$300 per day.
 - b. For an election involving a legislative candidate, the civil penalty shall be \$100 per day.
 - c. The penalties in (a) and (b) shall be doubled if the amount not reported for a particular election cycle exceeds ten (10%) percent of the applicable adjusted primary election spending limit or adjusted general election spending limit.
 - d. The dollar amounts in items (a) and (b), and the spending limits in item (c) are subject to adjustment of A.R.S. § 16-959.
 - e. Penalties imposed pursuant to this subsection shall not exceed twice the amount of expenditures not reported.
4. For purposes of A.A.C. R2-20-109(B)(3):
- a. Subject to A.R.S. § 16-901(43) and notwithstanding any rule to the contrary of that section, An ~~an~~ entity shall not be found to have the predominant purpose of influencing elections unless, a preponderance of the evidence establishes that during a two-year legislative election cycle, the total reportable contributions made by the entity, in any combination, in a calendar year exceeds \$1,000 and is more than fifty percent (50%) of the entity’s total spending during the election cycle.
 - i. No change
 - ii. No change
 - iii. No change
 - (1) No change
 - (2) No change
 - iv. No change
 - v. No change
 - (1) No change
 - (2) No change
 - b. No change

NOTICE OF FINAL RULEMAKING
TITLE 3. AGRICULTURE
CHAPTER 4. DEPARTMENT OF AGRICULTURE
PLANT SERVICES DIVISION

[R21-156]

PREAMBLE

- | <u>1. Article, Part, or Section Affected (as applicable)</u> | <u>Rulemaking Action</u> |
|---|---------------------------------|
| R3-4-1001 | Amend |
| R3-4-1002 | Amend |
| R3-4-1003 | Amend |
| R3-4-1004 | Amend |
| R3-4-1005 | Amend |
| Table 1 | Amend |
| R3-4-1006 | Amend |
| R3-4-1007 | Amend |
| R3-4-1008 | Amend |
| R3-4-1011 | Amend |
| R3-4-1012 | Amend |
| R3-4-1013 | Amend |
| R3-4-1014 | Amend |
- 2. Citations to the agency’s statutory rulemaking authority to include both the authorizing statute (general) and the implementing statute (specific):**
 Authorizing statute: A.R.S. § 3-107(A)
 Implementing statute: A.R.S. § 3-313
- 3. The effective date of the rule:**
 September 16, 2021
- a. **If the agency selected a date earlier than the 60 day effective date as specified in A.R.S. § 41-1032(A), include the earlier date and state the reason or reasons the agency selected the earlier effective date as provided in A.R.S. § 41-1032(A)(1) through (5):**
 The Department requests that an immediate effective date be prescribed in an effort to comply with federal law for the domestic production of industrial hemp. An immediate effective date would also ensure there is no lapse in the change of licensing fees modified by emergency rulemaking. An immediate effective date would benefit the regulated community by reducing the overall regulatory burden with less stringent regulations and clearer provisions for program compliance.
 - b. **If the agency selected a date later than the 60 day effective date as specified in A.R.S. § 41-1032(A), include the later date and state the reason or reasons the agency selected the later effective date as provided in A.R.S. § 41-1032(B):**
 Not applicable



4. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:

Notice of Rulemaking Docket Opening: 26 A.A.R. 1764, August 28, 2020

Notice of Emergency Rulemaking: 27 A.A.R. 39, January 8, 2021

Notice of Proposed Rulemaking: 27 A.A.R. 571, April 16, 2021

5. The agency's contact person who can answer questions about the rulemaking:

Name: Brian McGrew

Address: Arizona Department of Agriculture
1688 W. Adams St.
Phoenix, AZ 85007

Telephone: (602) 542-3228

Fax: (602) 542-1004

Email: azhemp@azda.gov

Website: <https://agriculture.az.gov/plantsproduce/industrial-hemp-program>

6. An agency's justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:

The Department has received an exception from the rulemaking moratorium established by Executive Order 2020-02 under criteria (1)(b) and (f) to revise the industrial hemp program rules to achieve three primary objectives: (1) reduce licensing fees to ensure the income is comparable to expenditures for the program; (2) comply with the federal regulations under 7 CFR Part 990 for domestic hemp production; and (3) ease the overall regulatory burden and reduce the amount of paperwork produced, while maintaining regulatory control for the regulated community. Changes to rule R3-4-1001 update and expand on definitions to further clarify terms in the article and reduce confusion with the regulated community and the public. Changes to rule R3-4-1002 include clarification of the eligibility requirement for criminal background checks to comply with federal regulations for the domestic production of industrial hemp. Changes to rule R3-4-1003 clarifies and provides additional guidance regarding the requirements and provisions to obtain a license and participate in the industrial hemp program, and to align terminologies with the federal regulations. The proposed change to rule R3-4-1004 is intended to clarify that hemp products produced under a research exemption are not allowed to enter the commercial stream of commerce. Changes to rule R3-4-1005 are intended to make the rule more clear and concise and to align with current Department practices. Changes to Table 1 include a reduction in licensing fees to reduce a burden on the regulated community and clarify language to indicate that the per-acre inspection fee is for at least one acre that is inspected. Changes to rule R3-4-1006 eases reporting requirements that have been determined to be redundant and unnecessary and includes guidance for a hemp-nursery license holder to facilitate movement of live planting material. Changes to rule R3-4-1007 adds a provision to prohibit the use of the Department logo or its likeness on required signage. Changes to rule R3-4-1008 include:

- Provisions to implement alternative sampling methods.
- Clarification that a crop may not be harvested until a sample is collected
- A requirement that a representative of the licensee must be present at the time of sampling.
- Provisions for laboratory standards for the compliance testing of hemp crops.
- Guidance on how compliant and non-compliant crops are handled.

Changes to rule R3-4-1011 clarifies what is required for program planting reports, intent to harvest reports, intent to transport notifications, notices of destruction and processor notifications. Changes to rule R3-4-1012 removes redundant hemp transportation notification language and clarifies (intentional, knowing, and negligent) violations to comply with federal hemp laws. Changes to rule R3-4-1013 clarifies the corrective action process and provides additional guidance on methods of crop disposal. Changes to rule 1014 clarify violations for non-licensed individuals.

7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

No study was conducted.

8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:

The rulemaking does not diminish any previous authority of a political subdivision of this state.

9. A summary of the economic, small business, and consumer impact:

The statutory purpose of the industrial hemp program was to "improve the economy and agricultural vitality" of Arizona. The Department bears minimal costs in implementing the Program. Other than the Department, no political subdivision is directly affected by the Program. Beneficiaries of the industrial hemp program are hemp growers, nurseries, harvesters, transporters, and processors as well as customers for hemp products and the State of Arizona. In 2019, there were 359 Program licensees. Slightly less than half of those licensees were hemp growers. Licensing fees were reduced 33% overall at the end of 2020 under an Emergency rulemaking, with the intent to finalize the reduction in this proposed rulemaking. In view of this reduction, the impact to small businesses is minimal, and the benefits of the Program exceed the cost thereof. There are no less intrusive or less costly alternatives for administering the Program. All licensing fees are placed in the trust fund for the benefit of the Program and do not revert to the state general fund. Therefore, the Program has little or no effect on state revenues. Other changes in the proposed rulemaking are intended to align with federal regulations under 7 U.S.C. § 5940 and 7 U.S.C. § 1639o, *et seq.*, and 7 C.F.R. part 990. Alignment with federal regulations is necessary in order for Arizona to obtain U.S. Department of Agriculture (USDA) approval of Arizona's industrial hemp plan. USDA approval of this plan is beneficial to program stakeholders as it allows for eligi-



bility for federal crop insurance and grants. Without USDA approval of the proposed rulemaking, these resources will not be made available to Arizona program participants. Lastly, additional changes made the rules clearer and more concise, to align with current departmental practices and to reduce overly-burdensome regulations.

10. A description of any changes between the proposed rulemaking, to include supplemental notices, and the final rulemaking:

Based on the initial feedback from the Arizona Governor's Regulatory Review Council, the incorporated federal references were updated to meet the requirements under A.R.S. § 41-1028. Based on feedback received from the Arizona Secretary of State's Office after the Notice of Proposed Rulemaking was filed, the instances of "and/or" in subsections R3-4-1003(A)(1); (B)(2)(b), (c), and (e); R3-4-1005(A) and (B); and R3-4-1013(D)(2)(d) were changed to either "and" or "or". In R3-4-1003(E)(3) the phrase "of this article" after "Table 1" was inadvertently removed in the Notice of Proposed Rulemaking and was replaced in the Notice of Final Rulemaking with striking. Based on the feedback received from USDA, the term "culpable mental state greater than negligence" was added in parentheses to R3-4-1012(E) to clarify the term is synonymous with "knowingly and intentionally". This addition is not seen as a substantive change since it is only added to provide clarification and to align with federal hemp laws.

11. An agency's summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments:

The Department received one written comment from stakeholders about the proposed rulemaking. The stakeholder indicated that with legalization of adult-use marijuana the hemp rules should be removed to alleviate the regulatory burden. The response from the Department is that this is not possible for several reasons, including but not limited to: (1) the production, sale, interstate movement and use of marijuana is not legal at the federal level, and industrial hemp is only legal if a program follows the requirements under 7 CFR part 990; (2) hemp laws were established so there would be no interference with the strict regulation of marijuana in this state, which is much more stringent and burdensome than hemp regulatory oversight; (3) hemp is a commodity that does not contain the same amount of psychoactive compound as marijuana (tetrahydrocannabinol or THC), and the hemp industry is governed by federal laws requiring strict regulatory oversight to enough THC to be illegal under federal law. No other comments were received during the oral proceeding.

12. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

No other matters are prescribed to the Department.

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

The licenses issued under A.R.S. § 3-314 and Title 3, Chapter 4 Article 10 do not qualify as a general permit under A.R.S. § 41-1037.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

Federal regulations 7 U.S.C. § 5940; 7 U.S.C. § 1639o *et seq.* and 7 C.F.R. part 990, apply to the following rules:

- R3-4-1001 through R3-4-1003
- R3-4-1006
- R3-4-1008
- R3-4-1011 through R3-4-1014

The rules are not more stringent than federal law.

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:

No analysis was conducted.

13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rule:

Federal regulations 7 U.S.C. § 5940 (agricultural act of 2014 PL 113-79; 128 Stat. 656, eff. January 5, 2015, <https://www.congress.gov/bill/113th-congress/house-bill/2642/text>); 7 U.S.C. § 1639o *et seq.* (agricultural improvement act of 2018, PL 115-334; 132 Stat. 4908, eff. December 20, 2018, <https://www.congress.gov/bill/115th-congress/house-bill/2/text>); and 7 C.F.R. part 990, (86 FR 5596, eff. March 22, 2021, https://www.ecfr.gov/cgi-bin/text-idx?node=se7.8.990_11&rgn=div8) are incorporated by reference in R3-4-1001; and 7 U.S.C. § 5940 (agricultural act of 2014 PL 113-79; 128 Stat. 912, eff. January 5, 2015, <https://www.govinfo.gov/content/pkg/PLAW-113publ79/html/PLAW-113publ79.htm>) is incorporated by reference in R3-4-1002. These rules do not include any later amendments or editions of the incorporated matter.

14. Whether the rule was previously made, amended or repealed as an emergency rule. If so, cite the notice published in the Register as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:

Notice of Emergency Rulemaking: Vol. 27, Issue 2 A.A.R. Pg. 39, January 8, 2021. No changes were made between the emergency and final rulemaking packages.

15. The full text of the rules follows:

TITLE 3. AGRICULTURE
CHAPTER 4. DEPARTMENT OF AGRICULTURE
PLANT SERVICES DIVISION



ARTICLE 10. INDUSTRIAL HEMP

Section	
R3-4-1001.	Definitions
R3-4-1002.	Program Eligibility
R3-4-1003.	Licenses; Applications; Renewals; Withdrawal
R3-4-1004.	Industrial Hemp Research
R3-4-1005.	Fees
Table 1.	Fee Schedule
R3-4-1006.	Authorized Seed and Propagative Materials
R3-4-1007.	Location Requirements; Signage
R3-4-1008.	Compliance; Recordkeeping; Audits
R3-4-1011.	Notifications; Reports
R3-4-1012.	Unauthorized Activity; Violations
R3-4-1013.	Corrective Actions
R3-4-1014.	Penalties

ARTICLE 10. INDUSTRIAL HEMP

R3-4-1001. Definitions

In addition to the definitions provided in A.R.S. §§ 3-201, 3-311, and A.A.C. R3-4-101, the following terms apply to this Article.

“0.300%” shall have the same meaning as three-tenths percent.

“Applicant” means a key participant who seeks a license or certification as a grower, nursery, harvester, transporter, or processor under this Article.

“Associate Director” means the Associate Director of the ~~Plant Services~~ Division.

“Authorized sampling agent” means an inspector of the Department or independent party that has been trained by an authorized representative of the Department to collect samples of industrial hemp crops to determine compliance with applicable hemp laws.

“Biomass” means the homogenized pieces and parts, including but not limited to stems, leaves and floral parts of hemp.

“Certified laboratory” means the State Agriculture Laboratory or any laboratory certified by the State Agriculture Laboratory to perform compliance analysis of industrial hemp.

“Corrective action plan” means a plan utilizing the methods outlined in R3-4-1013(D)(2) for correcting a negligent violation or non-compliance with applicable hemp laws, which is either proposed by a licensed hemp producer and approved by the Associate Director, or issued by the Associate Director.

“Decarboxylated” means the completion of the chemical reaction that converts THCA into delta-9 THC, the intoxicating component of cannabis. The decarboxylated value is also calculated using a molecular mass conversion ratio that sums delta-9 THC and 87.7% of THCA ((delta-9 THC) + (0.877 * THCA)).

“Decarboxylation” means the removal or elimination of carboxyl group from a molecule or organic compound.

“Delta-9 tetrahydrocannabinol” means the primary psychoactive component of cannabis. For the purposes of this Article, delta-9 THC and THC are interchangeable.

“Department” means the Arizona Department of Agriculture.

“Director” means the Director of the Department.

“Disposal” means an activity that transitions the non-compliant product into a non-retrievable or non-ingestible form. Such activities include plowing, tilling, or disking plant material into the soil; mulching, composting, chopping, or bush mowing plant material into green manure; burning plant material; or burying plant material into the earth and covering with soil.

“Division” means the Plant Services Division of the Department.

“Entity” means a corporation, joint stock company, association, limited partnership, limited liability partnership, limited liability company, irrevocable trust, estate, charitable organization, or other similar organization, including any such organization participating in the hemp production as a partner in a general partnership, a participant in a joint venture, or a participant in a similar organization.

“Geospatial location” means a location designated through a global system of navigational satellites used to determine the precise ground position of a place or object.

“Harvest Lot” means a contiguous area in a field, greenhouse, or indoor growing structure containing the same variety or strain of cannabis throughout the area.



“Hemp” has the same meaning as industrial hemp.

“Hemp laws” mean, unless otherwise specified herein, A.R.S. Title 3, Chapter 2 and rules adopted thereunder in Article 4.1, A.A.C. R3-4-1001, et seq.; 7 U.S.C. § 5940 (agricultural act of 2014 PL 113-79; 128 Stat. 656, eff. January 5, 2015, <https://www.congress.gov/bill/113th-congress/house-bill/2642/text>); 7 U.S.C. § 1639o et seq. (agricultural improvement act of 2018, PL 115-334; 132 Stat. 4908, eff. December 20, 2018, <https://www.congress.gov/bill/115th-congress/house-bill/2/text>); and 7 C.F.R. part 990, (86 FR 5596, eff. March 22, 2021, https://www.ecfr.gov/cgi-bin/text-idx?node=se7.8.990_11&rgn=div8). The rule does not include any later amendments or editions of the incorporated matter.

“Intentionally” means the state of mind defined in A.R.S. § 13-105(10)(a) or any successor statute.

“Key participant” means a sole proprietor, a partner in partnership, or a person with executive managerial control in a corporation. A person with executive managerial control includes persons such as a chief executive officer, chief operating officer, and chief financial officer. This definition does not include non-executive managers such as farm, field, or shift managers.

“Knowingly” means the state of mind defined in A.R.S. § 13-105(10)(a) or any successor statute.

“Licensing Agreement” means a contract between the Department and an applicant that indicates the terms and conditions required for a license issued pursuant to this Article.

“Lot” means the same as harvest lot.

“Manmade causes” means the influence to an industrial hemp crop created by a person, including but not limited to, irrigation, fertilization, chemical application, or physical interference.

“Measurement of Uncertainty (MU)” means the parameter, associated with the result of a measurement that characterizes the dispersion of the values that could reasonably be attributed to the particular quantity subject to measurement.

“Natural causes” means the influence to an industrial hemp crop created by elements of nature including, but not limited to, temperature, wind, rain, hail, or flood.

“Performance based sampling” means a sampling method established in substantive policy and posted on the Department's website that ensures, within a 95% confidence level, a harvest lot is compliant with this Article by not having a total delta-9 THC level above the acceptable limit.

“Program” means the Industrial Hemp Program.

“Propagative material” means any industrial hemp seedlings, explants, transplants, propagules, or other rooted material that is grown in a soilless media.

“Remediation” means the process for achieving compliance of non-compliant cannabis. Remediation can occur by removing and destroying flower material, while retaining stalk, stems, leaf material, and seeds. Remediation can also occur by shredding the entire plant into a biomass like material, then re-testing the shredded biomass material for compliance.

“Responsible party” means an individual that has signing authority of a partnership, limited liability company, association, company or corporation.

“THC” means Tetrahydrocannabinol

“THCA” means Tetrahydrocannabinolic Acid.

“Total THC or total delta-9 THC” means the value determined after the process of decarboxylation, or the application of a conversion factor if the testing methodology does not include decarboxylation that expresses the potential total delta-9 tetrahydrocannabinol content derived from the sum of the THC and THCA content and reported on a dry weight basis. This post-decarboxylation value of THC can be calculated by using a chromatograph technique using heat, such as gas chromatography, through which THCA is converted from its acid form to its neutral form, THC, which calculates the total potential THC in a given sample. The total THC can also be calculated by using a liquid chromatograph technique, which keeps the THCA intact. This technique requires the use of the following conversion: [Total THC = (0.877 x THCA) + THC] which calculates the potential total THC in a given sample.

“Total Delta 9 THC concentration” means the total calculable amount of the chemical compound, Delta 9 THC.

R3-4-1002. Program Eligibility

- A. Eligibility requirements. Unless otherwise determined to be ineligible under this Article and notwithstanding any other law, a person or responsible party that applies for a program license or registration shall:
 1. Possess a valid fingerprint clearance card issued by the Arizona Department of Public Safety pursuant to A.R.S. § 41-1758.07.



- a. Applicants who have had a felony narcotics conviction within 10 years of the date of application shall not be granted a good cause exception under A.R.S. § 41-1758.07.
 - b. Applicants who have had a felony narcotics conviction prior to December 11, 2018; and that participated in an agricultural pilot program for the purpose of research into the growth, cultivation and marketing of industrial hemp as authorized by 7 U.S.C. § 5940 (agricultural act of 2014 PL 113-79; 128 Stat. 656, eff. January 5, 2015, <https://www.congress.gov/bill/113th-congress/house-bill/2642/text>) may petition the State for an exception to the eligibility exclusion in subsection R3-4-1002(A)(1)(a). The rule does not include any later amendments or editions of the incorporated matter.
2. Be a citizen of the United States or a legal resident alien, ~~an~~ An individual who applies for a program license and; is enrolled in an academic program at an accredited college or university, ~~and but who~~ does not meet the criteria in this Section may be sponsored by an academic member of that college or university who meets the eligibility criteria in this Section and provides proof of eligibility as required in subsection R3-4-1002(B)(2).
 3. Be ~~eighteen (18)~~ 18 years of age or older at the time of application.
- B. Proof of eligibility.**
1. Unless otherwise allowed by an exception to the requirements of this section, The the applicant shall provide the Department shall accept a legible photo copy, paper or electronic, of the applicants-applicant's fingerprint clearance card described in subsection (A)(1)-(A)(1), which the Department will validate to ensure the applicant meets the eligibility requirements of this section.
 2. The Department shall accept the documents listed in A.R.S. § 41-1080(A) as evidence of age and United States Citizenship or legal residency.

R3-4-1003. Licenses; Applications; Renewals; Withdrawal

- A.** Any person that grows, harvests, transports, or processes industrial hemp in any of the following categories shall obtain the appropriate license from the Department and shall abide by the terms and conditions set forth in the licensing agreement with the Department. Types of licenses include:
1. Grower - An authorized ~~Grower-grower~~ license shall allow the licensee to obtain seed or propagative materials pursuant to this Article for planting, possess authorized seed and/or and propagative materials for planting, cultivate the crop, harvest plant parts, possess and store harvested plant parts, and transport plant parts for processing.
 2. Nursery - An authorized ~~Nursery-nursery~~ license shall allow the licensee to propagate eligible seed and propagative materials for planting for a licensed grower. A licensed ~~Nursery-nursery~~ shall not grow industrial hemp for harvesting purposes, unless also licensed with the Department as a ~~Grower-grower~~.
 3. Harvester - An authorized ~~Harvester-harvester~~ license shall allow the licensee to engage in the activity of harvesting an eligible industrial hemp crop for a licensed grower.
 4. Transporter - An authorized ~~Transporter-transporter~~ license shall allow the licensee to engage in the transport of a harvested industrial hemp crop for a licensed grower.
 5. Processor - An authorized ~~Processor-processor~~ license shall allow the licensee to engage in the processing, handling, and storage of industrial hemp or hemp seed at one or more authorized locations in the state. The licensee may sell, distribute, transfer, or gift any products processed from harvested hemp that is not restricted in section R3-4-1012
- B.** At a minimum, applications for a license shall contain the information required in subsections R3-4-1003(B)(1) through (6), plus any additional information that may be required by the Department. Location information shall be retained by the Department for not less than three years. Licensing fees required under R3-4-1005 are due at the time of application (~~R3-4-1005~~).
1. All licenses-applicants must provide:
 - a. Full name, mailing address, telephone number and email address;
 - b. Fingerprint clearance card identification number of the ~~person or responsible party applying applicant~~;
 - c. If the applicant represents a business entity, the full name of the business, the principal Arizona business location address, the full name, title, and email address of the of the responsible party;
 - d. Tax ID or Social Security Number; and
 - e. Disclosure and explanation of any instance in which the applicant has been denied, debarred, suspended, revoked, or otherwise prohibited from participating in any public procurement or licensing activity.
 2. Applicants for a ~~Grower's license-grower's license~~ must also provide:
 - a. Registered planting ~~site(s)-site or sites~~: street address or major crossroads, legal description, and ~~GPS coordinates-geospatial location~~ for each field, greenhouse, building or site where industrial hemp will be grown, updated annually, or within 30 calendar days following a change;
 - b. Estimated acreage for each outdoor location and/or and square footage for indoor or each greenhouse locations intended for planting;
 - c. Maps or aerial photos depicting each site where industrial hemp will be grown, handled, and/or and stored, with appropriate designations for entrances, field boundaries, and specific locations corresponding to the ~~GPS coordinates-geospatial location information~~;
 - d. ~~Storage location(s) (expressed in GPS coordinates)-Geospatial location information of all storage locations~~ for seed or propagative materials, and harvested plants and plant parts; and
 - e. Maps or aerial photos depicting each site where industrial hemp seed and/or and propagative materials will be stored and labeled with the corresponding ~~GPS coordinates-geospatial location information~~.
 3. Applicants for a ~~Nursery License-nursery license~~ must also provide:
 - a. ~~Storage location(s) (expressed in GPS coordinates)-Geospatial location information of all storage locations~~ for seed or propagative materials;
 - b. ~~Locations (expressed in GPS coordinates) of all-Geospatial location information of all propagation areas~~; and
 - c. ~~labeled-Labeled~~ maps or aerial photos depicting storage and propagation areas.



- 4. ~~Applicants for a Harvester License.~~ harvester license must also provide the Maps and the street address, legal description and GPS coordinates geospatial location information for each location of the harvesting equipment will be primarily based, together with corresponding labeled maps or aerial photos of the location or locations.
- 5. ~~Applicants for a Transporter License.~~ transporter license must also provide: Maps and the street address, legal description, and GPS coordinates geospatial location information for each location the transporting vehicles and equipment will be primarily based, together with corresponding labeled maps or aerial photos of the location or locations.
- 6. ~~Applicants for a Processor License.~~ processor license must also provide:
 - a. Identification of the part of a harvested hemp crop or plant to be received for processing, in the following categories:
 - i. Floral and leaf material, ~~or biomass;~~
 - ii. Seed for oil or grain;
 - iii. Stalks for fiber or hurds; ~~and~~
 - iv. Seed or propagative materials for planting.
 - b. ~~Registered processing site(s).~~ Processing site(s) site or sites information that includes: Street street address or major crossroads, legal description, and GPS coordinates geospatial location information for each building or site where hemp will be processed or stored; or where mobile processing equipment will be primarily based; and, together with labeled maps or aerial photos depicting the processing site information.
 - e. ~~Labeled maps or aerial photos depicting the information in subsection (b).~~
- C. Application submission dates. Applications may be submitted at any time during the year, but the expiration date of the license shall be on December 31st annually, or biennially for a two-year renewal as authorized in ~~subsection R3-4-1003(D).~~ Renewal applications will be due no later than December 15th. An expired license may be reinstated up to three years after the expiration date, provided the applicant's business information has not changed.
- D. Application for one or two-year renewals. At a licensee's discretion, a person that has been licensed by the Department under the industrial hemp program may apply for a one or two year renewal provided:
 - 1. The person was licensed in the industrial hemp program within the previous calendar year;
 - 2. The license of the person was in good standing at the time of renewal;
 - 3. There is no change in the person or responsible party licensed;
 - 4. There is no change in the physical location of the industrial hemp site;
 - 5. The licensee does not owe any civil penalties, fees, or late charges to the Department; and
 - 6. The person submits the associated fee for a one or two-year renewal.
- E. Licensing agreements. All approved applicants for a license shall complete a licensing agreement issued by the Department prior to receiving a license. The licensing agreement may include additional terms and conditions as needed to ensure compliance with this Article, applicable state and federal laws, and rules and orders of the Director, but, at a minimum the applicant will agree to:
 - 1. Provide access, for authorized Department inspectors, at any time, to all hemp and hemp seed, planted or stored, and all records to determine compliance with this Article and any state or federal law, rule or order regulating ~~Cannabis~~ Cannabis as an agricultural crop;
 - 2. Maintain all records, as stated in section R3-4-1008 ~~of this Article;~~
 - 3. Pay all fees required indicated in Table 1 ~~of this Article;~~
 - 4. Comply with all pesticide use restrictions;
 - 5. Comply with all seed laws of the state;
 - 6. Defend, indemnify, and hold harmless the Department from liability for the destruction of any crop or harvested plant in violation of this Article;
 - 7. Be solely responsible for all financial or other losses;
 - 8. Be solely responsible for all land use restrictions, applicable city and county zoning, building, and fire codes and ordinances; and
 - 9. Follow all regulatory, notification and reporting requirements.
- F. ~~Program withdrawal.~~ Withdrawals.
 - 1. ~~Unless otherwise authorized by the Associate Director, the licensee shall complete a withdrawal notice at least prior to withdrawal of the Program.~~ When a licensee withdraws from the industrial hemp program, any licensing and inspection fees paid or invoiced prior to any notice of withdrawal are not eligible for refund. In order for a licensee to withdraw from the industrial hemp program, the following requirements must be met:
 - a. Unless otherwise authorized by the Associate Director, the licensee shall complete and submit a withdrawal notice at least ten business days prior to the withdrawal of the Program; and
 - b. Any industrial hemp or hemp seed, planted, harvested, or stored must be inspected by the Department prior to transport off of the property, disposal, or transfer to a new or existing licensee.
 - 2. ~~Any industrial hemp or hemp seed, planted, harvested, or stored must be inspected by the Department prior to transport off of the property, destruction or transfer to a new or existing licensee;~~
 - 3. ~~Any licensing and inspection fees paid or invoiced prior to any notice of withdrawal are not eligible for refund; and~~
 - 4. ~~Withdrawal after submittal of an application but prior to issuance of a license will be prohibited unless the Department determines, in its sole discretion, that such withdrawal is appropriate.~~
- G. Site modification. Anytime a licensed grower, processor or nursery modifies the registered site ~~during the licensing period~~ by changing the location of an existing site or by adding additional sites under the license, ~~or removing a registered site from the licensee's record,~~ the licensee shall submit a site modification application and associated site modification fee listed in Table 1 ~~of this Article.~~ There is no site modification fee for the request to remove a registered site from the licensee's record or when modifying or adding a site during the licensee's renewal process.
- H. License transfer. The transfer of an ~~Industrial~~ industrial hemp license is authorized only if the licensee and eligible program applicant completes ~~a~~ and submits a notarized Department issued transfer application and submits any applicable transfer fees listed in Table 1 ~~of this Article.~~ The receiver of a transferred license shall complete a licensing application, and execute a licensing agreement as



required by this Article, and all duties and responsibilities of the licensee shall be transferred to and acknowledged by the receiver in a written agreement between the licensee and receiver. Any license or other fees paid by the licensee shall be credited to the benefit of the receiver.

- I. Change in Business Information. Licensees must complete and submit a Change in Business Information form within ten business days if there is any change in business information including business name, address, or other contact information.

R3-4-1004. Industrial Hemp Research

- A. A person, company, college or university that conducts research into the growth, harvesting techniques, transportation methods, or processing of industrial hemp is required to obtain a license pursuant to this Article.
- B. A person, company, college or university conducting not-for-profit research may be exempted from the licensing fee(s) provided that:
 1. The applicant submits to the Department a request for an exemption of the licensing fee;
 2. The applicant provides a summary of the research to be conducted;
 3. The applicant provides a summary of the benefit to the agricultural community that will be gained;
 4. The applicant signs into an agreement with the Department that as a result of the research conducted the applicant will not gain any monetary profit;
 5. The research will be conducted in compliance with this Article or any other law, rule, or order governing the production of industrial hemp; and
 6. The results or summary of the research will be published or made publicly available.
- C. Intellectual property. The Department holds no rights to any intellectual property ~~of the licensee~~ resulting from industrial hemp research.
- D. Restrictions.
 1. A licensee shall not change not-for-profit research to for-profit research without notifying the Department and paying the required licensing fee.
 2. Hemp and hemp products produced under a hemp research exemption, excluding hemp seed, are not eligible to enter the commercial stream of commerce.

R3-4-1005. Fees

- A. All licensing ~~and/or registration~~ fees are due at the time of application.
- B. A ~~Grower-grower~~ applicant or licensee is not required to pay separate harvester ~~and/or~~ transporter licensing fees, unless providing harvesting ~~and/or~~ transport services for other licensed growers.
- C. Inspection and assessment fees are invoiced by the Department and are due within 30 ~~calendar~~ days of the invoice date.
- D. Site modification fees. The appropriate fee shall be submitted at the time an applicant submits a site modification application as provided in R3-4-1003(G)
- E. Processor ~~Assessment~~ assessment fees are based on tonnage reports, shipping manifests or scale receipts of unprocessed hemp plants or plant parts received.
- F. All outstanding ~~Inspection~~ inspection and ~~Assessment~~ assessment fees invoiced prior to November 15th, shall be paid in full prior to the Department's processing of a licensee's renewal application.
- G. THC sample analysis fees. Beyond the initial pre-harvest sample collected to determine regulatory compliance of a harvest lot of hemp, a licensee will be invoiced required to pay for any analytical fees before results are released, beyond the samples selected to determine regulatory compliance. These include:
 1. Any pre-harvest ~~re-samples~~ re-tests for crops that indicated a result above the threshold for compliance;
 2. Post-harvest samples that have been determined to be a regulatory concern by the Department; or
 3. By request from the grower that requires official analysis for commerce.

Table 1. Fee Schedule

License	Licensing Fee	Inspection/Assessment Fee
Grower	\$1,500 \$1,000 per license	\$25 per one or less than one outdoor acre up to 100 acres \$5 acre for each additional acre \$75 per indoor facility up to 3 acres; \$25 per acre for facilities over 3 acres \$150 per THC sample analysis (G) \$150 per THC sample analysis (G)
Nursery	\$1,000 \$650 per license	NA
Harvester	\$150 \$100 per license	N/A
Transporter	\$150 \$100 per license	N/A
Processor	\$3,000 \$2,000 per license	\$0.5 ton Fiber \$5 ton Oil Seed/Grain \$100 ton floral material \$150 per THC sample analysis (G)
All	Site modification fee: \$300	N/A

R3-4-1006. Authorized Seed and Propagative Material

- A. Authorized seeds and propagative material. Seeds and propagative materials authorized for use by a licensee is not a guarantee a crop will produce a ~~Total Delta~~ total delta-9 THC concentration of not greater than 0.300%. Seeds and propagative material that are used to produce an industrial hemp crop or plant shall:
 1. Be produced from an industrial hemp crop or plant; and
 2. Originate from either:
 - a. A person, business, college or university licensed or certified in a state or federal program authorized to produce industrial hemp; or



- b. A foreign source that is authorized by the country of origin to export industrial hemp seed or propagative material to produce an industrial hemp crop.
- B.** Each licensed grower or nursery is responsible for the acquisition of seed or propagative materials used for the growth of industrial hemp. The licensee shall ~~provide the Department the following information prior to planting~~ keep and maintain the following information:
 - 1. A copy of the seed or propagative material producer's certificate, license or equivalent documentation authorizing the production of industrial hemp;
 - 2. An official analysis of the crop or plant that produced the seed or propagative material that indicates the crop or plant contained a ~~Total Delta~~ total delta-9 THC concentration of not greater than 0.300% on a dry weight basis; and
 - 3. Phytosanitary certificates or nursery certificates issued by a plant regulatory official for any propagative materials to ensure compliance with A.R.S. § 3-211 and ~~3 A.A.C. 2; and Title 3, Chapter 4, Article 2 of the Arizona Administrative Code.~~
 - 4. ~~A pre-planting report, on a form provided by the Department, which includes:~~
 - a. ~~The variety/strain name of the material;~~
 - b. ~~The amount or quantity of the material;~~
 - c. ~~The lot number(s) of the material; and~~
 - d. ~~The name, address, phone number and email address of the seed or propagative material provider.~~
- C.** Labeling requirements. All Industrial Hemp seed or propagative material sold within or into Arizona must be labeled as to variety/strain or hybrid name, and origin. ~~Labelers of seed or propagative material must provide to the Department, breeder descriptions and variety release information including any subsequent updates/amendments to these descriptions.~~
 - 1. For purposes of labeling, the number or other designations of hybrid industrial hemp shall be used as a variety name.
 - 2. All Industrial Hemp seed for planting purposes sold within or into Arizona is subject to the Arizona seed laws under A.R.S. §§ 3-231 ~~et seq.~~ et seq. and ~~3 A.A.C. 4~~ Title 3, Chapter 4, Article 4 of the Arizona Administrative Code.
- D.** Shipment of hemp plants for planting purposes.
 - 1. Hemp plants for planting purposes produced by a licensed nursery for intrastate or interstate shipment shall:
 - a. Have been produced from authorized hemp material as indicated in R3-4-1006(A);
 - b. Have been produced in compliance with the laws, rules and order of the Director for the production of industrial hemp;
 - c. Be transported with a copy of the nursery producer license; a copy of the receiving grower license; and a manifest or bill of lading indicating the amount in the shipment and physical destination of the shipment; and
 - d. Only be sold or distributed to an entity or individual licensed to produce hemp.
 - 2. Hemp plants produced by a licensed nursery for the interstate shipment of hemp plants for planting purposes shall, in addition to the requirements in R3-4-1006(D)(1):
 - a. Be accompanied by a certificate issued by the Department that attests the material was produced in compliance with laws, rules and orders of the Director regulating the production of industrial hemp in the state; and
 - b. Ensure compliance with all plant quarantine requirements of the destination state and certification as indicated in R3-4-301 as applicable.
- ~~**E.**~~ **Restrictions.**
 - 1. A person that receives seed or propagative materials that does not comply with this Article or any other phytosanitary, seed or labeling law of the state shall immediately notify the Department and hold the seed or propagative material until a disposition is provided by the Department.
 - 2. The Department may direct a licensee to place a shipment of seed or propagative material on hold to ensure compliance with this Article and any other law or regulation that may apply to the shipment of agricultural seed and plants for planting purposes.

R3-4-1007. Location Requirements; Signage

- A.** Location requirements.
 - 1. A Licensed ~~Grower-grower~~ or ~~Processor-processor~~ shall not grow, process, or store industrial hemp in any residential dwelling.
 - 2. A Licensee is responsible for maintaining compliance with all applicable city and county land use restrictions, zoning laws, building, and fire codes and ordinances.
 - 3. A registered location shall be made available for inspection at the request of an inspector during normal business hours.
 - 4. A licensed grower or processor shall not grow, process, or store any forms of Cannabis that are not classified as industrial hemp within a single structure at the registered location.
- B.** Signage. The use of the Arizona Department of Agriculture logo or likeness is not permitted on signage. A licensed grower or processor shall conspicuously post signage at the perimeter of the registered location that includes the following information:
 - 1. The statement, "Arizona Department of Agriculture Industrial Hemp Program - No Trespassing Allowed";
 - 2. Licensee's name or company name and license number; and
 - 3. The Arizona Department of Agriculture, Industrial Hemp Program phone number.

R3-4-1008. Compliance; Recordkeeping; Audits

- A.** General compliance requirements.
 - 1. All licensees are subject to audits to ensure compliance with the recordkeeping requirements in ~~subsection R3-4-1008(B);~~
 - 2. An authorized Department inspector shall be allowed access to all growing, storage, and processing locations of a licensee's industrial hemp crop, hemp seed, propagative material, harvested material, handling and processing equipment to conduct a visual inspection and determine if a violation of this Article may exist.
- B.** Recordkeeping. All licensees may be audited to ensure compliance with all recordkeeping requirements. A licensee shall comply with the recordkeeping requirements in this subsection at a minimum. Additional recordkeeping requirements may be established as set ~~in~~ by policy and updated annually.



1. All records documenting the geospatial location, growth, propagation, harvesting, storage, agronomic data, shipping, receiving, transportation, distribution, processing, sale, purchase, third party analysis or research of all plants, seeds and materials shall be kept within the state of Arizona and made available for inspection on request.
 2. An in-state agent must be maintained for receipt and storage of records.
 3. All records shall be maintained for not less than five years.
- C. Sampling and testing. All licensees are subject to the collection of a representative sample of any *Cannabis* plant, hemp crop or harvested hemp in possession of the licensee or licensee's agent to determine the total concentration of ~~Delta~~ delta-9 THC as reported by a certified laboratory to ensure compliance with this Article and any state or federal law, rule or order regulating *Cannabis* as an agricultural commodity. Unless otherwise specified in an alternative performance-based sampling policy, crops shall be sampled within 30 days prior to the intended date of harvest and samples must be collected from mature flowering plants. All sampling agents must have undergone official sampling training by an authorized representative of the Department for the collection of cannabis samples for determination of compliance with the program. A licensed grower shall not harvest an industrial hemp crop prior to the collection of an official sample for compliance purposes.
1. Sampling method. The Department shall publish a policy on the ~~methods-procedures used by the Department to sample in which a Cannabis a Cannabis~~ Cannabis plant or crop; ~~may be sampled and may publish a policy or policies for alternative, performance-based methods that have the potential to ensure, at a 95% level of confidence, that the Cannabis plant or crop will not test above the acceptable hemp total delta-9 THC level, such policy or policies which~~ may be updated annually as needed dictated by changing circumstances.
 2. Only an authorized Department inspector, or other authorized sampling agent, may collect an official sample to determine compliance with this Article.
 3. When collecting an official sample, an authorized Department inspector, or other authorized sampling agent, shall:
 - a. Ensure the licensee or authorized representative of the licensee is present during the collection of the official sample;
 - ~~a-b.~~ Collect a representative sample of the crop, plants or harvested crop;
 - ~~b-c.~~ Split the official sample as follows:
 - i. One-third for retention by the Department or to provide to a certified laboratory for compliance with this Article;
 - ii. One-third for confirmation of analytical results if required; and
 - iii. One-third that is provided to the licensee for retention or to utilize for additional analysis by a third party laboratory. Any results provided to the licensee by a third party laboratory do not supersede official results.
 - ~~e-d.~~ Label all official samples with an official sample number, sample date, collector name, location ID, and grower license ID number;
 - ~~d-e.~~ Apply official custody seals to all official samples; and
 - ~~e-f.~~ Complete an official chain of custody form that is signed and dated by the inspector and licensee or the licensee's representative.
 4. Sample transport and submission. The Department shall not be liable for samples that are detained by any federal, state or local law enforcement agency.
 - a. If a certified laboratory receives a sample with a broken custody seal or incomplete or missing chain of custody, that sample shall be null and void;
 - b. All official samples retained by the Department are the property of the Department; and
 - c. The Department is not liable to reimburse the licensee for official samples collected.
 5. Laboratory Standards. Certified laboratories conducting testing of hemp must conduct analytical testing for purposes of detecting the total calculable amount of delta-9 THC and shall meet the following standards:
 - a. Laboratory quality assurance must ensure the validity and reliability of test results;
 - b. Analytical method selection, validation, and verification must ensure that the testing method used is appropriate and that the laboratory can successfully perform the testing;
 - c. The demonstration of testing validity must ensure consistent and accurate analytical performance; and
 - d. Method performance specifications must ensure analytical tests are sufficiently sensitive for the purposes of the detectability requirements of this Article.
 - e. At a minimum, analytical testing of samples for total calculable amount of delta-9 THC levels must use post-decarboxylation or other similarly reliable methods approved by the U.S. Secretary of Agriculture. The testing methodology must consider the potential conversion of delta-9 tetrahydrocannabinolic acid (THCA) in hemp into delta-9 tetrahydrocannabinol (THC). The test result must reflect the total calculable amount of delta-9 THC. Testing methodologies meeting these requirements include, but are not limited to, gas chromatography and high-performance liquid chromatography.
 - f. The total delta-9 tetrahydrocannabinol concentration level shall be determined and reported on a dry weight basis.
 - g. Certified laboratories must report the measurement of uncertainty (MU) of the methodology, in reference to the U.S. Department of Agriculture's Laboratory Testing Guidelines, U.S. Hemp Production Program, published on January 15, 2021, or its successor document in reference to the AOAC International (Association of Official Agricultural Chemists), Standard Method Performance Requirements (SMPRs®) for Quantitation of Cannabinoids in Plant Materials of Hemp (Low THC Varieties Cannabis sp.) SMPR 2019.003 found at the website: <https://www.aoac.org/resources/smpr-2019003/>. Certified laboratories must also report the MU as a ± value and report the total delta-9 value in the same unit of measure used to report the MU.
 - h. Any sample test result showing with at least 95% confidence that the total delta 9 THC content of the sample is higher than the acceptable hemp THC level shall be conclusive evidence that the lot represented by the sample is not in compliance with this Article.
 6. DEA Registration. Certified laboratories must also be registered with DEA to handle controlled substances under the Controlled Substances Act (CSA), 21 CFR part 1301.13 no later than December 31, 2022.



~~5-7. Sample results. Any A copy of any result provided to the Department by a certified laboratory produced by a certified laboratory shall be provided to the licensee, but such result is the property of the state and a copy shall be provided to the licensee.~~

- ~~D. Volunteer hemp plants. It shall be the responsibility of the licensee to monitor and destroy. Crop compliance.~~
 - ~~1. Compliant crops. When a crop is found to be compliant with the regulations governing the production of industrial hemp, a grower will be provided documentation authorizing the movement of the harvest lot. Upon receiving authorization from the Department the licensed grower shall not comingle the harvest lot with any other compliant or non-compliant harvest lot. The grower shall:

 - ~~a. Harvest the compliant harvest lot within 30 business days;~~
 - ~~b. Notify the Department if there is a delay in the 30 business day harvest window due to inclement weather or other natural causes; and~~
 - ~~c. Notify the Department prior to shipping or transporting the harvest lot as provided in section R3-4-1011(D).~~~~
 - ~~2. Non-compliant crops. Non-compliant crops with a total delta-9 THC concentration greater than 0.3% shall not be allowed into the stream of commerce. When a crop is found to be non-compliant with the regulations governing the production of industrial hemp, a grower will be required, within 15 business days of notification of non-compliance, to either voluntarily dispose of the crop by a method prescribed in R3-4-1013(F) and submit a notice of destruction R3-4-1011(E), together with supporting evidence of disposal. Alternatively the grower may submit a corrective action plan under R3-4-1013(D) to remediate the crop to achieve compliance with the regulations governing the production of industrial hemp. A corrective action plan may be issued by the Department, or if submitted by the grower, must be approved by the Department. A corrective action plan will only be approved if the total delta-9 THC concentration is greater than 0.3% and less than 1.0%. Failure to dispose of the crop or comply with approved corrective action plan may result in a notice of violation under R3-4-1012. Upon receiving a notification of non-compliance from the Department, the licensed grower shall not move or transport the non-compliant crop from the hemp site, unless otherwise permitted by the Department to remediate the crop. Non-compliant crops shall not be comingled with any other compliant or non-compliant harvest lot. Harvest lots with a total delta-9 THC concentration greater than 1.0% constitutes a violation and must be disposed of by method indicated in section R3-4-1013(F).~~
- ~~E. Volunteer hemp plants. It shall be the responsibility of the licensee to monitor and destroy volunteer hemp plants.~~

R3-4-1011. Notifications; Reports

- ~~A. All notifications and reports for licensees shall be made on forms provided by the Department unless otherwise indicated in this section or as directed by the Associate Director.~~
- ~~B. Grower Licensees shall notify the Department of the following activity:

 - ~~1. Notice of intent to harvest no less than 14 days prior to harvest;~~
 - ~~2. Intent to transport a harvested crop no less than 72 hours prior to shipment or transport;~~
 - ~~3. Notify the Department of any significant damage or destruction of a crop or harvested crop caused by natural or manmade causes within 48 hours of discovery of the damage or destruction.~~
 - ~~4. Notify the Department within 14 days if any change in business information including business name, address, contact information or responsible party.~~~~
- ~~C. Planting report. Within 7 days after planting, complete and submit a planting report that includes:

 - ~~1. The Growers license number;~~
 - ~~2. The location(s) where a crop was planted (the "site"), expressed in GPS Coordinates and displayed on a map or aerial photo;~~
 - ~~3. The variety name(s) of each planting corresponding to the location indicated in subsection (C)(2); and~~
 - ~~4. The actual area planted of each site.~~~~
- ~~B. Planting Report. Within five business days after planting a harvest lot of hemp, a grower must complete and submit a planting report that includes, at a minimum the following:

 - ~~1. The contact information of the licensee, including license number;~~
 - ~~2. A unique harvest lot identification number assigned by the grower or nursery~~
 - ~~3. The geospatial location information where a harvest lot was planted (the "site");~~
 - ~~4. The variety name of the harvest lot;~~
 - ~~5. The actual area planted with each lot; and~~
 - ~~6. The estimated date of harvest or transplanting.~~~~
- ~~C. Grower Notice of Intent to Harvest. Within 30 calendar days prior to harvest, a grower must complete and submit a Notice of Intent to Harvest form for each harvest lot to be sampled that includes, at a minimum the following:

 - ~~1. The contact information of the grower, including license number;~~
 - ~~2. The unique harvest lot identification number assigned by the grower as initially indicated on the planting report;~~
 - ~~3. The geospatial location or locations information of the harvest lot to be sampled (the "site");~~
 - ~~4. The variety name of the harvest lot;~~
 - ~~5. The size of the area to be harvested; and~~
 - ~~6. The intended date of harvest.~~~~
- ~~D. Notice of Intent to Transport. Within three business days prior to transporting a lot of harvested hemp for processing, a grower must complete and submit a Notice of Intent to Transport form for each harvest lot transported to a processor that includes, at a minimum the following:

 - ~~1. The contact information of the grower, including license number;~~
 - ~~2. The unique harvest lot identification number assigned by the grower as initially indicated on the planting report;~~
 - ~~3. The geospatial location or locations information of the harvest lot to be transported;~~
 - ~~4. The variety name of the harvest lot;~~
 - ~~5. The amount of harvested hemp to be transported;~~
 - ~~6. The intended date of transport; and~~
 - ~~7. The contact information of the receiver.~~~~



- E.** Notice of Destruction. Within three calendar days after a grower has found a harvest lot significantly damaged, completely destroyed, or has disposed of a harvest lot, a grower must complete and submit a Notice of Destruction form that includes, at a minimum the following:
1. The contact information of the grower, including license number;
 2. The unique harvest lot identification number assigned by the grower as initially indicated on the planting report;
 3. The geospatial location or locations information of the harvest lot subject to damage, destruction, or disposal (the "site");
 4. The variety name of the harvest lot;
 5. The size of the area that was subject to damage, destruction, or disposal; and
 6. The date the damage or destruction was discovered, or date of disposal.
- D-F.** Grower and nursery annual reports. By December 31~~st~~ of each year, a grower or nursery shall provide the Department a report of the following:
1. The sale or distribution of any industrial hemp grown under the grower's license;
 2. The name and address of the person or entity receiving the industrial hemp; and
 3. The amount of the industrial hemp sold or distributed.
- E-G.** ~~Processor notifications. A licensed processor shall notify the department of all shipments of industrial hemp imported from outside of the state for processing within 72 hours of receipt of the shipment. The notification shall include: All shipments of industrial hemp received into a processing facility must be reported to the Department.~~
1. For the importation of hemp material for processing, a licensed processor shall notify the department of the shipment, within three business days of receipt of the shipment. The notification shall include the following information:
 - ~~1-a.~~ A copy of the shipping manifest that indicates the name, physical address, and phone number of the shipper, and the total weight of the hemp commodity in the shipment;
 - ~~2-b.~~ A copy of the documentation issued by a regulatory official that attests the hemp commodity ~~contains a Total Delta-9 THC Concentration not greater than 0.300%~~ was produced with an acceptable concentration of total delta-9 THC;
 - ~~3-c.~~ A copy of the industrial hemp grower's certificate, license or equivalent documentation authorizing the production of industrial hemp in that state; and
 - ~~4-d.~~ A phytosanitary certificate, if required, or a certificate of inspection, or certificate of origin issued by a plant regulatory official; and,
 5. ~~Documentation issued at origin that attests to the owner, origin, type and amount of hemp material in the shipment.~~
 2. For the invoicing of processor assessment fees listed in Table 1, a notification shall be filed with the Department within 30 calendar days of receipt of the shipment or shipments that contain the following information:
 - a. The grower's license number;
 - b. The harvest lot number issued by the Department or an authorizing state;
 - c. The amount of material in the shipment; and
 - d. The date the shipment was received.
- F.** Other notifications. A licensee shall notify the Department within ~~72 hours~~ three business days from receipt of results of any third party analysis that determined a hemp crop or plant sample contained a ~~Delta total delta-9 THC concentration greater than 0.300%~~ 1.0%.

R3-4-1012. Unauthorized Activity; Violations

- A.** A licensee ~~shall have committed~~ commits a violation of this Article by:
1. Failing to provide a legal description of land on which a licensee grows, processes, stores or researches industrial hemp or hemp seed;
 2. Failing to obtain the proper license with the Department;
 3. Producing or distributing Cannabis sativa, with a total ~~Delta~~ delta-9 THC concentration ~~greater than 0.300%~~ 1.0% on a dry weight basis, unless otherwise permitted by state or federal law, rule or order;
 4. Violating a term or condition of the signed licensing agreement or corrective action plan; or
 5. Violating any law, rule, or order in the regulation of industrial hemp.
- B.** False Statement. Any person who materially falsifies any information contained in an application to participate in the program established under this Article shall be ineligible to participate in the program.
- C.** No unauthorized person shall:
1. Grow, cultivate, handle, store, harvest, transport, import or process industrial hemp
 2. Trespass on a property registered as an industrial hemp site;
 3. Disturb, damage or destroy an industrial hemp plant or crop on a registered location; or
 4. Tamper, damage or destroy posted signage as required under ~~R3-4-1008~~ R3-4-1007(B).
- D.** No authorized program licensee shall:
1. Offer for sale, trade, transfer possession of, gift, or otherwise relinquish possession of industrial hemp plants, plant parts, or hemp seed that is capable of germination to an unauthorized person;
 2. Destroy an industrial hemp crop, stored industrial hemp or hemp seed without prior notification to the ~~Department.~~ Department;
or
 3. ~~Transport industrial hemp plants, seed, propagative material or unprocessed harvested industrial hemp without notifying the Department; or~~
 4. ~~3.~~ Import or export industrial hemp plants or plant parts for processing, or seed or propagative material for planting purposes, without notifying the Department and complying with all import or export regulatory requirements as determined by a regulatory official.
- E.** ~~Intentional or Knowing Violations.~~ Intentional, Knowing, or Negligent Violations. Any violation of state or federal law rule or order that is determined to be committed intentionally or knowingly ("culpable mental state greater than negligence") shall be reported to



the State Attorney General, the U.S. Attorney General and any relevant state and local law enforcement agencies. Negligent violations are not subject to federal, state, tribal, or local government criminal enforcement action.

R3-4-1013. Corrective Actions

- A. In addition to being subject to possible license suspension, license revocation, and monetary civil penalty procedures ~~set forth in A.A.C. under R3-4-1014~~, a person who is found by the Department to have violated any law, rule or Director's Order governing that person's participation in the program ~~shall may~~ be subject to a corrective action plan.
- B. The Associate Director may request that the licensee submit a corrective action plan, or may impose a written and dated corrective action plan for a negligent violation or non-compliance of any law, rule or Director's Order governing a person's participation in the hemp program.
- C. Corrective action plans ~~issued by the Department~~ shall include, at a minimum, the following information:
 1. The requirements a person must fulfill to correct a violation or non-compliance of this Article as indicated in ~~subsection R3-4-1013(D)~~;
 2. A reasonable date by which the person shall complete violation or non-compliance corrections; and
 3. For violations pursued under A.R.S. § 3-319, A requirement for periodic reports from the violator to the department about the violator's compliance with the corrective action plan, laws, rules or Director's Orders for a period of at least three years not less than two years from the date of the corrective action plan violation.
- D. Corrective Action Plan. ~~The Department may prescribe one or more of the following provisions to a person in violation or non-compliance of this Article.~~
 1. Hemp crops or harvested hemp shall not be removed from the licensee's registered hemp site if found ~~in violation of Section R3-4-1012 (A)(3) non-compliant~~ by having a ~~Total Delta total delta~~-9 THC concentration of greater than 0.300%, but less than 1.0% on a dry weight ~~basis, basis, unless granted authorization by the Associate Director to complete the measures in an approved corrective action plan.~~
 2. In addition to one or more of the components listed in A.R.S. § 3-317, ~~a corrective action plan may contain one or more of the requirements the Department may prescribe one or more of the following actions as part of a corrective action plan:~~
 - a. Stripping stalks and ~~destruction disposal~~ disposal of floral material;
 - b. Sterilization of seed and ~~destruction disposal~~ disposal of floral material;
 - c. THC remediation of leaf and floral material as prescribed by the Associate Director;
 - d. Blending and milling of the entire plant/crop to a homogenized state, then resampled for compliance;
 - ~~e. Education and training; and/or~~
 - ~~f. Other corrective measures prescribed by the Associate Director~~
 3. Failure to complete the prescribed corrective measure within the timeframe indicated in the corrective action plan or to complete any component of a corrective action plan shall constitute a second violation of this Article.
 4. The cost of implementing a corrective action plan is the burden of the licensee.
- E. Repeat negligent violations. A person that violates this Article, the laws governing the production of industrial hemp, or any order issued by the Associate Director three times in a five-year period shall be ineligible for an industrial hemp license issued by the Department for a period of five years beginning on the date of the third violation. All negligent violations within one year counts as one negligent violation.
- F. Methods of disposal. Disposal of any industrial hemp crop or plant, whether such disposal is pursuant to voluntarily action by the licensee or pursuant to a Department order of disposal, shall be accomplished by one or more of the following methods:
 1. Plowing under;
 2. Mulching or composting;
 3. Disking;
 4. Bush Mower or chopper;
 5. Deep burial; and
 6. Burning or incinerating

R3-4-1014. Penalties

- A. Civil penalties. ~~A person that violates this Article, a licensing requirement, a licensing term or condition, or any other rule or order of the Department within a five year period may be fined as follows: Civil penalties shall be imposed under A.R.S. § 3-319.~~
 1. ~~First offense—\$1,000~~
 2. ~~Second offense—\$2,500~~
 3. ~~Third offense—\$5000~~
- B. License suspension. A person that violates this Article, a licensing requirement, a licensing term or condition, or any other rule or order of the Department may have their licensing privileges suspended until completion of any corrective actions prescribed in ~~Section R3-4-1013~~.
- C. License revocation. A person that intentionally violates this Article, a licensing requirement, a licensing term or condition, or any other rule or order of the Department, or who commits a third negligent offense within a five year period may be subject to one or more of the following penalties:
 1. ~~Shall have Revocation of all licenses issued pursuant to under this Article revoked;~~
 2. ~~All Seizure and destruction of all hemp crops, seed, and harvested industrial hemp of the licensee shall be seized and destroyed as prescribed by the Associate Director, at the cost of the licensee; and~~
 3. ~~The person found in violation shall be responsible for the cost of the destruction of all hemp crops, seed, and harvested material; and~~
 4. ~~The person in violation shall not be eligible~~ Ineligibility for a license under this Article for a period not less than five years.
- D. Intentional or knowing violations committed by unlicensed individuals shall be punished according to A.R.S. §§ 3-319 and 13-3405 or 13-3405.