



April 14, 2023

The Honorable Liz Olson, Chair  
Minnesota House Ways and Means Committee  
Via email: [Owen.Wirth@house.mn](mailto:Owen.Wirth@house.mn)  
[Leah.Killian@house.mn](mailto:Leah.Killian@house.mn)

*Re: H.F. 100 – Omnibus Cannabis Bill*

Members of the Minnesota House Ways and Means Committee,

On behalf of the membership of the Minnesota Industrial Hemp Association, a broad coalition of businesses and individuals who advocate for the re-emerging industrial hemp sector from field to consumer. Thank you for the opportunity to provide written testimony regarding H.F. 100.

We continue to have deep concerns regarding the inclusion of hemp within recreational adult-use marijuana legislation.

Although the Minnesota Industrial Hemp Association remains neutral regarding legalization of recreational adult-use cannabis, we have watched closely as H.F. 100 has worked its way through the committee process. It had been our hope that the proposed legislation would adequately address the major concerns of our membership. We remain concerned and frustrated over the lack of measurable progress regarding the inclusion of provisions that would grow Minnesota's industrial hemp sector.

The hemp industry is currently comprised of small, independent farmers and the re-emergence of domestic hemp production was perfectly timed to meet the growing consumer demand for hemp products.

As currently drafted, H.F. 100 does not reflect modern agriculture, take into consideration a dynamic marketplace, or reflect the needs of Main Street Minnesota. The retail hemp market has benefited from growing consumer demand for hemp-derived products, such as CBD oil, hemp edibles, hemp clothing, and hemp topicals. Retailers, including small businesses and online stores, have invested significant resources in developing and promoting these products, and have built a loyal customer base. They have also created hundreds of jobs.

The crop could be a major economic driver but hemp farmers need market access, a seamless supply chain, and regulatory certainty. As any commodity farmer will tell you, Minnesota's farmers live and operate in a complex supply-and-demand environment. Confusion and uncertainty do not lead to investment, but do stifle innovation and opportunity.

As with other commodity crops under the purview of the United States Department of Agriculture (USDA), if hemp, and derivatives thereof, fall within the legal definition as provided in the *Agriculture Improvement Act of 2018* (Public Law 115-334) then the products derived from the crop should not face undo legal and regulatory barriers.

Key areas of concern include:

#### *Interstate Commerce*

Provisions included in H.F. 100 bring into question the interpretation of the Dormant Commerce Clause as provided for in the United States Constitution and run counter to the Minnesota Industrial Hemp Association's objective of facilitating cross-border commerce.

The United States Supreme Court has used the Dormant Commerce Clause to invalidate state laws barring the importation of goods or materials from other states and requiring local processing of goods, to name a couple of examples. The plain language of the bill limits interstate transport, which is in violation of federal law.

#### *Vertical Integration*

The provisions in H.F. 100 regarding vertical integration do not reflect the flexibility necessary to address shifting market dynamics and hold the potential to be dysfunctional and paralyzing to the re-emerging industrial hemp sector. By removing the ability of a farmer to sell his or her crop, the bill does not account for supply chain dynamics and severely impacts field to consumer operations.

#### *Licensure*

There is great potential for industrial hemp to be utilized as a rotational crop in relation to corn, soybeans, and other commodities grown throughout Minnesota. Based upon the plethora of licensing categories included in H.F. 100 the Minnesota Industrial Hemp Association foresees a complex legal and regulatory framework that could stifle growth of the hemp sector.

The hemp industry is in danger of losing its customer base, revenue streams, and subsequently the ability to operate. Unfortunately, H.F. 100 may very well put several our members and the rest of the hemp industry out of business. Supporters of the bill claim that it does not impose any licensing, regulations, fees, or taxes on hemp farming.

This statement neglects the reality for most hemp farmers, in that they grow their own hemp, manufacture consumer products, and sell those products into the market. In reality, H.F. 100 does impose licensing for those hemp farmers who wear multiple hats as hemp manufacturers, as well as hemp retailers.

The members of the Minnesota Industrial Hemp Association work with hemp producers and businesses throughout Minnesota and the United States to craft workable public policy and the removal of regulatory barriers. We remain committed to advocating for policies that will allow for the reemerging industrial hemp sector to continue contributing to our Main Street economy.

For additional information regarding the Minnesota Industrial Hemp Association, please contact Dave Ladd at [info@mnindustrialhemp.com](mailto:info@mnindustrialhemp.com).

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