

ARKANSAS INDUSTRIAL HEMP PRODUCTION RULE

SECTION 1. AUTHORITY

These rules are promulgated by the Arkansas State Plant Board pursuant to the Arkansas Industrial Hemp Production Act, Ark. Code Ann. § 2-15-501 et seq.

SECTION 2. SCOPE

These rules govern the oversight of industrial hemp production in Arkansas, including but not limited to the growing, processing, handling, storage, sale, transfer, importation, and distribution of industrial hemp.

SECTION 3. DEFINITIONS

As used in these rules:

- (1) “Acceptable hemp THC level” means the application of the Measurement of Uncertainty to the reported (decarboxylated) delta-9-THC concentration level on a dry-weight basis produces a distribution range that includes 0.3 percent or less.
- (2) “Act” means the Arkansas Industrial Hemp Production Act, A.C.A. § 2-15-501 et seq.
- (3) “Approved variety” means any variety (‘variety’ may also be referred to as ‘cultivar’) of industrial hemp approved by the Department in a published “Summary of Varieties List” that may be amended from time to time.
- (4) “Board” means the Arkansas State Plant Board.
- (5) “Cannabis” means the plant that, depending on its THC concentration level, is defined as either “hemp” or “marijuana.” Cannabis is a genus of flowering plants in the family Cannabaceae of which *Cannabis sativa* is a species, and *Cannabis ruderalis* are subspecies thereof. Cannabis includes all parts of the cannabis plant, whether growing or not, including its seeds, resin, compounds, salts, derivatives, and extracts.
- (6) “Corrective Action Plan” is a document set forth by the Department for a licensee to correct a negligent violation of, or noncompliance with, A.C.A. § 2-15-501 et seq. or any rule promulgated under the authority of this statute.
- (7) “Decarboxylated” means the completion of the chemical reaction that converts THC-acid into delta-9-THC, the intoxicating component of cannabis. The decarboxylated value is also calculated using a conversion formula that sums delta-9-THC and eighty-seven and seven tenths (87.7) percent of THC-acid.
- (8) “delta-9-THC” means delta-9-tetrahydrocannabinol concentration (the primary intoxicating component of cannabis). For compliance purposes, all delta-9-THC concentrations must be measured post-decarboxylation (otherwise known as “Total THC”).
- (9) “Department” means the Arkansas Department of Agriculture.
- (10) “Endorsement” means the authorization to engage in a certain activity under a hemp license. Hemp licensing endorsements are specifically denoted on the hemp license, relating to one or more of the following types of authorized hemp operations: (1) growth and production, (2) processing, (3) handling, (4) storage only, or (5) research only.
- (11) “GPS” means Global Positioning System.
- (12) “Handling” means possessing or storing industrial hemp for any period of time on premises owned, operated, or controlled by a person licensed to cultivate or process industrial hemp.

Handling also includes possessing or storing industrial hemp in a vehicle for any period of time, other than during its actual transport from the premises of a licensed person to cultivate or process industrial hemp to the premises of another licensed person.

- (13) "Harvesting" means the process of cutting or collecting industrial hemp crop or crop parts grown in a plot, field, greenhouse, or indoor growing structure.
- (14) "Hemp" or "industrial hemp" is defined by A.C.A. § 2-15-503(5).
"Hemp" or "industrial hemp" means as defined by federal law under the Agricultural Marketing Act, 7 U.S.C. § 1639o unless specifically controlled under the Uniform Controlled Substances Act, Ark. Code Ann. § 5-64-101 et seq.
- (15) "Hemp License" means a license issued pursuant to the Act and these rules, including all endorsements issued thereunder.
- (16) "Key participant" means any person who has direct or indirect financial interest in the entity producing hemp, such as an owner or partner in a partnership. "Key participants" include, without limitation, an entity's chief executive officer, chief operating officer, and chief financial officer. "Key participants" does not include farm managers, field managers, or shift managers.
- (17) "Licensed grower" means person licensed to grow, handle, store and market hemp under the terms established in a hemp license, A.C.A. § 2-15-501 et seq., and these rules.
- (18) "Licensed processor" means an individual or business entity possessing a hemp license issued by the Department that is authorized in Arkansas to process, handle, store and market hemp under the terms established in a hemp license, A.C.A. § 2-15-501 et seq., and these rules.
- (19) "Location ID" means the unique identifier established by the applicant for each unique set of GPS coordinates where hemp will be grown, handled, stored, or processed, which can include a field name or building name.
- (20) "Negligence" means the failure to exercise the level of care that a reasonably prudent person would exercise in complying with the requirements set forth in this rule, A.C.A. § 2-15-501 et seq.
- (21) "Nonviable seed" means a seed that has been crushed, dehulled, or otherwise rendered to have a zero percent germination rate.
- (22) "Post-harvest sample" means a sample taken from the harvest hemp from a particular lot's harvest in accordance with the sampling procedures established annually by the Department under the authority of A.C.A. § 2-15-509(e). The entire lot's harvest is in the same form (for example, flowers, ground materials, etc.), homogenous, and not mixed with non-hemp materials or hemp from another lot.
- (23) "Pre-harvest sample" means a composite, representative portion from living plants in a hemp lot collected in accordance with the sampling procedures established annually by the Department under the authority of A.C.A. § 2-15-509(e).
- (24) "Processing" means converting hemp into a hemp product.
- (25) "Prohibited variety" means a variety or strain of cannabis not authorized for use in Arkansas.
- (26) "Propagule" means a plant or plant part that can be utilized to grow a new plant.
- (27) "Signing authority" means an officer or agent of the organization with the written power to commit the legal entity to a binding contract.
- (28) "Strain" means a group of hemp with presumed common ancestry and identified physiological distinctions. A strain does not meet the uniformity, stability, or distinction requirements to be considered a variety.
- (29) "Tetrahydrocannabinol" means the natural or synthetic equivalents of the substances contained in the cannabis plant, or in the resinous extractives of *Cannabis sativa*, or any

synthetic substances, compounds, salts, or derivatives of the plant or chemicals and their isomers with similar chemical structure and pharmacological activity.

- (30) “Variety” means a subdivision of a species that is:
- (A) Uniform, in the sense that the variations in essential and distinctive characteristics are describable;
 - (B) Stable, in the sense that the variety will remain unchanged in its essential and distinctive characteristics and its uniformity if reproduced or reconstituted as required by the different categories of varieties; and
 - (C) Distinct, in the sense that the variety can be differentiated by one (1) or more identifiable morphological, physiological, other characteristics from all other publicly known varieties, or other characteristics from all other publicly known varieties.
- (31) “Variety of Concern” means any variety of hemp or cannabis that tests above 0.300% in one (1) or more pre-harvest samples. A hemp variety designated as a ‘variety of concern’ could be subject to restrictions and additional testing.
- (32) “Volunteer cannabis plant” means any cannabis plant that:
- (A) Grows of its own accord from seeds or roots in the years following an intentionally planted cannabis crop; and
 - (B) Is not planted intentionally.

SECTION 4. LICENSING

- (a) No person shall grow, produce, process, handle, sell or transfer, permit the sale or transfer, or store hemp without a license issued under these rules and containing the appropriate endorsements.
- (b) Any person who wishes to obtain or renew a hemp license shall submit a completed application to the Department.
- (c) An applicant shall indicate the license endorsements sought in the new license or renewal application.
- (d) All hemp licenses shall expire on December 31 unless renewed.
- (e) All renewal applications and any other renewal requirements established by Department policy must be submitted to the Department by December 1 of each year.
- (f) No person under the age of eighteen (18) years of age shall apply for or be granted a hemp license.
- (g) The Department shall not review any application that is incomplete or is not accompanied by the required fees.
- (h) An applicant may apply for one or more endorsements, which upon approval of the application will be clearly marked on the issued license and shall authorize the person to engage in the specified activity.
- (i) The applicant’s principal place of business shall be located in Arkansas or within fifty (50) miles of at least one of the applicant’s Arkansas growing sites.
- (j) The applicant shall affirm that the applicant or his or her representative shall be present at any licensed site within twenty-four (24) hours’ notice at the request of the Department or any law enforcement agency.
- (k) No person who has been convicted of a felony related to a controlled substance in the previous ten (10) years from the date of the conviction shall be eligible to obtain a license unless otherwise provided by federal or state law.
- (l) The applicant shall not be delinquent in making any required reports or payments to the Department in connection with the applicant’s participation in the Hemp Licensing Program or other programs within the Department.
- (m) The applicant shall not have any unpaid fees, fines, or civil penalties owed to the Department.

SECTION 5. APPLICATION CONTENTS

Hemp license and renewal applications shall contain at a minimum:

- (1) For individuals: the individual's full name, residential address, telephone number, and e-mail address;
- (2) For persons other than individuals: the entity's name, Employer Identification Number (EIN), business location address in Arkansas, principal business location, and entity's key participants, including his or her full name, title within the entity, business address, telephone number, and e-mail address; and
- (3) For each signing authority: his or her full name, business title, business address, telephone number, and e-mail address;
- (4) The proposed acreage or greenhouse or indoor square footage to be planted;
- (5) Street address; Location ID; legal land description, and GPS Coordinates for each field, greenhouse, building, or site where hemp will be grown, processed, handled, or stored;
- (6) Aerial maps depicting each site where hemp will be grown, processed, handled or stored, with appropriate designations for field boundaries, and Location IDs corresponding to the GPS coordinates; and
- (7) Applicant's consent to entry onto, and inspection of, all premises where hemp or other cannabis plants or materials are located, or licensed to be located, by representatives of the Department and law enforcement agencies, with or without cause, with or without advance notice;
- (8) Applicant's consent to forfeiture and destruction, without compensation, of:
 - (A) Material found to have a measured delta-9-THC content in excess of zero and three tenths (0.3) percent on a dry weight basis;
 - (B) Plants located in an area that is not licensed by the Department; and
 - (C) Plants not accounted for in required reporting to the Department.

SECTION 6. NATIONAL CRIMINAL HISTORY BACKGROUND CHECK

- (a) All licensees, applicants, and key participants shall complete and pay for fingerprinting and an annual national criminal history background check as required by A.C.A. § 2-15-513.
- (b) All licensees, applicants, and key participants shall, following the completion of the fingerprinting and criminal history background check, ensure delivery of the report to the Department with each completed application.
- (c) The Department shall not accept a report from a criminal history background check that occurred more than sixty (60) days prior to the date of application or renewal.
- (d) Failure to submit a criminal history background check with the application or renewal shall be grounds for denial of a licensure or renewal application.
- (e) Substitution of a signing authority shall require approval from the Department and completion of a national criminal history background check on the new signing authority.
- (f) The applicant shall sign a release that allows the department to disclose:
 - (1) An Arkansas noncriminal-justice background check to the State Plant Board as evidence in an administrative hearing conducted under the Arkansas Administrative Procedure Act, § 25-15-201 et seq.; and
 - (2) A fingerprint card of the applicant to the Federal Bureau of Investigation to allow a federal fingerprint-based background check to be performed.

SECTION 7. LAND USE RESTRICTIONS FOR HEMP LICENSEES

A licensee shall not:

- (a) Plant or grow cannabis other than hemp in a hemp lot or Location ID listed in a license.
- (b) Plant or grow any hemp or other cannabis purported to be hemp at a site or facility not approved by the Department.
- (c) Grow, process, or store hemp or other cannabis in or within 100 feet of any structure that is used for residential purposes without first obtaining written permission from the Department.
- (d) Handle or store leaf or floral material from hemp or other cannabis in or adjacent to any structure that is used for residential purposes.
- (e) Grow, process, handle, or store hemp or other cannabis at any site that is located within 1,000 feet of a public area frequented by children.
- (f) Include any property on an application or Site Modification Request to grow, cultivate or store hemp that is not owned or completely controlled by the applicant or licensee, as evidenced by a written lease or other document that shall be provided to the Department upon request.
- (g) Allow unsupervised public access to any site where hemp is grown, processed, handled, or stored.
- (h) Grow hemp or other cannabis in any outdoor field that is located within 1,000 feet of a school or public recreational area.
- (i) Grow, handle, process, or store hemp or other cannabis on property owned by, or leased from a person that:
 - (1) Was denied a license within the last five (5) years;
 - (2) Possesses a hemp license in suspended or revoked status;
 - (3) Fails to obtain a criminal history background check or is ineligible to grow industrial hemp due to a previous criminal conviction; or
 - (4) Fails to comply with a valid order from a representative of the Department or law enforcement.

A licensee shall:

- (a) Physically segregate hemp from other crops unless prior approval is obtained in writing from the Department.
- (b) Plant a minimum of 100 plants in each growing site unless prior approval is received in writing from the Department.
- (c) Plant a minimum of one quarter (0.25) acre in each outdoor growing site unless prior approval is received in writing from the Department.
- (d) Post signage at all outdoor plot locations. The signage shall include the following information:
 - (1) The statement, "Arkansas Department of Agriculture Hemp Licensing Program";
 - (2) License holder's name;
 - (3) License holder's license number;
 - (4) The Location ID name of the plot; and
 - (5) Telephone number for the licensee point of contact and the Department.
- (e) (1) Ensure the monitoring and destruction of volunteer plants for three years following cultivation regardless of land lease or ownership status during that period.
(2) It shall be the responsibility of the licensee to monitor and destroy volunteers, however, such responsibility may be transferred or assigned to another entity by written mutual agreement.

SECTION 8. FEES-PROGRAM COST RECOVERY

- (a) Nonrefundable Annual Application Fees-costs
 - (1) \$100 for new applicants
 - (2) No application fee shall be charged to charge for renewing applicants if all Production Reports are submitted to the Department and FSA by December 1 annually.
 - (3) \$100 for renewing applicants, if Production Report not received by the Department by December 1st annually
- (b) Annual Hemp Licensing Fees-- \$300 per License
 - (1) Annual Grower Fees:
 - (A) \$10 per acre requested for licensure
 - (B) \$100 per Greenhouse/Indoor and Storage Location ID
 - (2) Annual Processor/Handler Fees:
 - (A) \$1,500 for floral processing
 - (B) \$500 for fiber or grain/seed processing
 - (C) \$500 for handling hemp material
 - (3) Site Modification Fee-- \$200 per modification request
- (c) Sampling/Testing Fees – \$100 per compliance sample
- (d) Institutions of higher education conducting hemp production research operations are not subject to any fees-costs under these rules.

SECTION 9. SITE MODIFICATION

- (a) A hemp licensee who elects for a new growing, processing, handling, or storage location at a site other than the sites specified by the GPS coordinates listed on the hemp license, shall submit a Site Modification Request, and obtain written approval from a representative of the Department, prior to the planting, growing, processing, or storing at the proposed location.
- (b) Any request for a new growing location shall comply with this rule.
- (c) The Department shall charge a site modification fee for each new Location ID. Site modifications shall not be approved before payment of the site modification fee.
- (d) Storage-only locations and institutions of higher education are not subject to site modification fees.

SECTION 10. SEED AND SEEDLING/PROPAGULE ACQUISITION

- (a) A licensee intending to acquire seeds or propagules first shall determine whether or not the variety or strain intended for purchase is listed on the Department's current Summary of Varieties List.
 - (1) If the variety or strain is listed on the Summary of Varieties List, no pre-approval from the Department is necessary.
 - (2) The Department's Summary of Varieties List may also designate whether a variety is considered to be a Variety of Concern or Prohibited Variety.
 - (3) If the variety or strain is not listed on the Summary of Varieties List, the licensee shall submit a New Hemp Variety Form or Strain Request Form along with a certificate of analysis for that strain or variety, showing that mature plants grown from that seed variety or strain have a floral delta-9-THC (must be measured post-decarboxylation, also referred to as Total THC) content of not more than the acceptable hemp THC level on a dry weight basis from an independent third-party laboratory.

- (b) A licensee who develops a new hemp variety or strain shall submit the New Hemp Variety or Strain Request Form, prior to its use in crop production.
- (c) The Department shall not approve a New Hemp Variety or Strain Request unless the licensed grower affirms in writing that the requested seed acquisition plan does not infringe on the intellectual property rights of any person and that the seed or propagule source is a current legal hemp operation.
- (d) The Department shall not approve a New Hemp Variety or Strain Request if a representative of the Department has information supporting a belief that the variety or strain will produce plants with delta-9-THC (must be measured post-decarboxylation, also referred to as Total THC) content of more than the acceptable hemp THC level on a dry weight basis.
- (e) A licensee shall not buy, sell, possess, or transfer seeds or propagules of any variety or strain designated as a Prohibited Variety on the Department's published Summary of Varieties List.
- (f) Upon request from a representative of the Department, a licensee shall provide a distribution list showing locations where and to whom hemp seeds or propagules were distributed.
- (g) Any person engaging in the distribution of viable hemp seeds shall adhere to applicable Arkansas Seed Laws and any rules promulgated thereunder.
- (h) Any person who intends to move transplants or other living plants to a location outside of Arkansas must obtain either:
 - (1) A Nurseryman's License issued by the Department; or
 - (2) A phytosanitary certificate issued by the Department.

SECTION 11. SEEDS OF WILD, LANDRACE, OR UNKNOWN ORIGIN

- (a) No person shall acquire or grow hemp or cannabis seeds or propagules of wild, landrace, or unknown origin without first obtaining written approval from a representative of the Department.
- (b) The Department shall not permit hemp or cannabis seeds or propagules of wild, landrace, or unknown origin to be planted, cultivated, or replicated by any person without the Department first arranging for replication and THC testing of mature plants grown from the seeds or propagules by the Department or its designee.
- (c) Any licensee found to have saved seed, propagules or cuttings, or cultivated seeds, propagules or cuttings from a cannabis plant of wild, landrace, or unknown origin without advanced written permission from the Department shall be subject to suspension or revocation of his or her license and forfeiture without compensation of his or her materials.

SECTION 12. CROP ACREAGE REPORTS TO FARM SERVICE AGENCY (FSA)

- (a) Within fifteen days of each lot planting and prior to the submission of Department planting reports, a licensed grower shall report hemp crop acreage to FSA, including at a minimum the following information:
 - (1) Street address and, to the extent practicable, GPS coordinates for each field or greenhouse where hemp will be produced;
 - (2) Acreage (or square footage, in the case of a greenhouse or other indoor growing facility production) dedicated to the growing of each planted lot of hemp, including each lot's full variety name; and
 - (3) The grower's name and license number.
- (b) Licensees shall provide copies of FSA reports to the Department upon request.

- (c) Licensees shall provide the Department upon request with any additional planting or growing information that is reasonably related to monitoring licensee hemp operations or for statistical purposes.
- (d) Licensees shall provide the Department with FSA Lot Numbers for each planted lot of hemp to be included on the Department's associated planting report forms.

SECTION 13. PLANTING REPORTS FOR OUTDOOR PLANTINGS

- (a) A licensed grower shall submit to the Department a complete and current Field Planting Report within fifteen (15) days after every planting, including replanted lots of seeds or propagules in an outdoor location, after first obtaining FSA Lot Numbers for each planted lot.
- (b) Each Field Planting Report shall identify the:
 - (1) Correct variety or strain's full name;
 - (2) Address and Field Location ID as listed on the hemp license;
 - (3) Lot number provided by the FSA office; and
 - (4) Amount planted and the primary intended use of the harvest.
- (c) A licensed grower who does not plant hemp in an approved outdoor site listed in the hemp license shall submit a Field Planting Report on or before July 31st of each calendar year, stating that hemp has not been planted and will not be planted at that site.

SECTION 14. PLANTING REPORTS FOR INDOOR/GREENHOUSE PLANTINGS

- (a) A licensed grower shall submit to the Department a complete and current Greenhouse/Indoor Planting Report Form within fifteen (15) days after establishing plants at an indoor location.
- (b) Each Greenhouse/Indoor Planting Report Form shall identify the:
 - (1) Correct variety or strain name's full name;
 - (2) Address and Greenhouse or indoor growing location ID as listed in the hemp license;
 - (3) Lot number provided by the FSA Office, if applicable; and
 - (4) Amount planted and the primary intended use of the harvest or of the hemp plants.
- (c) In addition to the initial Greenhouse/Indoor Planting Report, a licensed grower with an approved greenhouse or indoor growing site shall submit quarterly reports for each location ID to the Department. Greenhouse/Indoor Planting Reports shall be due no later than March 31, June 30, September 30, and December 31.

SECTION 15. SITE ACCESS

- (a) Licensees shall permit a representative of the Department or law enforcement agency to enter the premises where hemp or other cannabis seeds, plants, or material are located, and any premises listed in the hemp license, for any lawful purpose and with or without advance notice.
- (b) An applicant or hemp licensee shall obtain in writing from the owner of any leased or rented field or structure the owner's acknowledgement that both licensee and owner will abide by these rules and the Act using.

SECTION 16. HARVESTING

- (a) The Department may inspect a hemp licensee's premises or collect samples of any hemp or other cannabis material at any time.
- (b) The grower shall not harvest hemp plants from a lot without the Department first collecting samples from that lot.
- (c) Fifteen (15) days prior to the anticipated harvest of hemp plants, the grower shall submit to the Department a completed harvest request form identifying the intended date of harvest (or date of destruction in the case of a failed crop).
- (d) During the Department's scheduled sample collection, the grower or an authorized representative of the grower shall be present at the growing site.
- (e) Representatives of the Department shall be provided with complete and unrestricted access to all hemp and other cannabis plants, whether growing or harvested, and all land, buildings, and other structures used for the cultivation, handling, and storage of all hemp and other cannabis plants; and all locations listed in the hemp license.
- (f) The hemp licensee shall harvest the crop not more than thirty (30) days following the date of sample collection by the Department, unless specifically authorized in writing by the Department.
- (g) If the hemp licensee fails to complete a harvest within thirty (30) days following the date of sample collection, grower shall submit a new harvest request and additional pre-harvest sample fee prior to harvesting.
- (h) Hemp floral material shall not be moved outside Arkansas, nor out of the possession of a licensee, nor commingled or extracted, until the Department certifies that the subject hemp is compliant.
- (i) Harvested materials from one lot shall not be commingled with other harvested lots unless all harvested lots are certified as compliant by the Department.

SECTION 17. IMPORTATION OF HEMP MATERIAL INTO ARKANSAS

- (a) No person shall import hemp into the state of Arkansas without a hemp license issued pursuant to these rules.
- (b) All imported hemp shall comply with this rule, the Act, and all applicable state and federal laws.
- (c) Nothing in this rule shall be construed as to prohibit the transportation or shipment of hemp lawfully produced under a federal, state, or tribal plan approved by the United States Department of Agriculture, through the state of Arkansas and where the state of Arkansas is not the final destination for the transported hemp.

SECTION 18. PROHIBITED ACTIVITIES

- (a) No person shall violate any provision of this rule, the Act, or any other federal or state law, rule, or order while engaging in the activities governed by this rule or the Act.
- (b) A hemp licensee shall not sell or transfer, or permit the sale or transfer, of living plants, viable seeds, leaf materials, or floral materials to any unlicensed person in Arkansas.
- (c) A licensee shall not grow, process, sell or transfer, or permit the sale or transfer of substances listed or described in the schedules of controlled substances in the Arkansas Uniform Controlled Substances Act or the United States Controlled Substances Act.
- (d) No person shall knowingly, intentionally, recklessly, or negligently sell, offer to sell, allow the sale, or otherwise distribute industrial hemp to a person or persons engaged in the illegal manufacture of substances listed or described in the schedules of controlled substances in the Arkansas Uniform Controlled Substances Act, Ark. Code Ann. § 5-64-101 et seq., or the United States Controlled Substances Act, 21 U.S.C. § 812 et seq.

- (e) A hemp licensee shall not provide false, misleading, or incorrect information to the Department pertaining to the licensee's cultivation, processing, or transportation of hemp, including without limitation any information provided within any application, report, record, or inspection required or maintained in accordance with these rules and the Act.
- (f) A hemp licensee selling or transferring, or permitting the sale or transfer, of floral or plant extracts (including cannabidiol), shall retain testing data or results for at least three (3) years demonstrating that the extract's delta-9-THC level is not more than zero and three-tenths (0.3) percent.
- (g) A hemp licensee shall not sell or transfer floral extracts containing a decarboxylated delta-9-THC concentration greater than zero and three-tenths (0.3) percent.
- (h) Hemp licensees shall comply with the federal Food Drug and Cosmetic Act, 21 U.S.C. Chapter 9, and all other applicable local, state, and federal laws and regulations relating to product development, product manufacturing, consumer safety, and public health.
- (i) A person shall not ship or transport, or allow to be shipped or transported, any hemp product with a decarboxylated delta-9-THC concentration in excess of zero and three-tenths (0.3) percent.
- (j) A hemp licensee shall not allow another person, other than an agent of the licensed grower, to grow, handle, process, or store hemp under their license in lieu of obtaining a separate hemp license.
- (k) A hemp licensee shall not detach, alter, deface or destroy any labeling or other required documentation specified in these rules, or alter or substitute seed or transplants in a manner that may defeat the purpose of these rules.
- (l) A hemp licensee shall not hinder or obstruct in any way any authorized representatives of the Department or any law enforcement agency in the performance of his or her duties.
- (m) A hemp licensee shall not commingle harvested hemp or other cannabis material from one lot with harvested material from another lot unless all lots have been certified compliant by the Department.
- (n) A licensee shall not sell or transfer, or permit the sale or transfer, of living plants, viable seeds, leaf material, or floral material to any person in Arkansas who does not hold a hemp license.

SECTION 19. ENFORCEMENT ACTIONS

- (a) Any person that violates the Act or these rules shall be subject to one or more of the following:
 - (1) Civil penalties up to \$5,000 per violation;
 - (2) Corrective Action Plan;
 - (3) Issuance of a stop order;
 - (4) License suspension; or
 - (5) License revocation.
- (b) Any licensee that commits three (3) negligent violations within a 5-year period shall have his or her license revoked and be ineligible to obtain a license for a period of five (5) years beginning on the date of the third violation. A violation that occurred prior to the effective date of the Act shall not be counted.
- (c) In instances where a licensee commits a violation with a culpable mental state greater than negligence, the board may initiate revocation or suspension proceedings against the licensee and shall immediately report the licensee to the Arkansas Office of the Attorney General and all appropriate law enforcement agencies.

SECTION 20. HEARINGS AND APPEALS

- (a) All hearings and appeals shall be conducted in accordance with the Arkansas Administrative Procedure Act, Ark. Code Ann. §25-15-201 et seq., except that:

- (1) Before revocation of a grower's license, the board shall provide the grower notice and an informal hearing to show cause why the license should not be revoked and the grower's right to grow forfeited.
 - (2) If a license is revoked and a grower's right to grow is forfeited as the result of an informal hearing under subdivision (b)(1) of this section, the grower may request a formal administrative hearing before the board or a committee of the board, as provided in board rules.
- (b) A person wishing to appeal a final action of the Board shall submit a written request for a hearing to the Department within thirty (30) days of notice.

SECTION 21. RECORDKEEPING

- (a) For at least three (3) years, hemp licensees shall keep and make available for inspection by the Department the following records:
- (1) Records regarding acquisition of hemp plants;
 - (2) Records regarding production, processing, and handling of hemp plants;
 - (3) Records regarding storage of hemp plants;
 - (4) Records regarding disposal of all hemp plants; and
 - (5) Records regarding the disposal of all cannabis plants that do not meet the definition of hemp.
- (b) The Department and any law enforcement agency shall have access to any premises where industrial hemp, or cannabis plants purported to be industrial hemp, may be held during normal business hours.

SECTION 22. CORRECTIVE ACTION PLANS FOR NEGLIGENT VIOLATIONS

- (a) If the Department determines that a licensee committed a negligent violation of any provision within A.C.A. § 2-15-501 et seq., or any rule promulgated under the authority of the Arkansas Hemp Production Act, then the Department may issue a corrective action plan for the grower.
- (b) Corrective action plans will remain in place for at least two (2) years and include, at a minimum, the following:
- (1) The date by which the grower shall correct each negligent violation;
 - (2) Steps to correct each negligent violation; and
 - (3) A description of the procedures to demonstrate compliance.