

R68. Agriculture and Food, Plant Industry.

R68-32. Sale and Transfer of Industrial Hemp Waste to Medical Cannabis Cultivators.

R68-32-1. Authority and Purpose.

Pursuant to Subsection 4-41a-501(5), this rule establishes the procedures governing the sale of a cannabinoid concentrate by an industrial hemp processing facility to a cannabis cultivation facility, including procedures for sale approval, transportation, recordkeeping, testing, and inspection and recall.

R68-32-2. Definitions.

- 1) "Batch" means a quantity of:
 - a) cannabis extract produced on a particular date and time, following clean up until the next clean up during which the same lots of cannabis are used; or
 - b) cannabis product produced on a particular date and time, following clean up until the next clean up during which cannabis extract is used.
- 2) "Cannabinoid" means any:
 - a) naturally occurring derivative of cannabigerolic acid (CAS 25555-57-1); or
 - b) any chemical compound that is both structurally and chemically similar to a derivative of cannabigerolic acid.
- 3) "Cannabis" means any part of the marijuana plant.
- 4) "Cannabinoid concentrate" means the product of any chemical or physical process applied to naturally occurring biomass that concentrates or isolates the cannabinoids contained in the biomass.
- 5) "Cannabis cultivation facility" means a person licensed by the department that:
 - a) possesses cannabis;
 - b)i) grows or intends to grow cannabis; or
 - ii) acquires or intends to acquire industrial hemp waste from an industrial hemp processor; and
 - c) sells or intends to sell cannabis to a cannabis cultivation facility or a cannabis processing facility.
- 6) "Cannabis product" means a product that:
 - a) is intended for human use; and
 - b) contains cannabis or tetrahydrocannabinol.
- 7) "Certificate of analysis" (COA) means a document produced by a testing laboratory listing the quantities of the various analytes for which testing was performed.
- 8) "Department" means the Utah Department of Agriculture and Food.
- 9) "Final product" means a reasonably homogeneous cannabis product in its final packaged form created using the same standard operating procedures and the same formulation.
- 10) "Industrial hemp" means any part of the cannabis plant, whether growing or not, with a concentration of less than 0.3% tetrahydrocannabinol by dry weight.
- 11) "Industrial hemp waste" means:
 - (a) a cannabinoid concentrate; or
 - (b) industrial hemp biomass.
- 12) "Inventory Control System" means the system described in Section 4-41a-103.

R68-32-3. Sale of Industrial Hemp Requirements.

- 1) Industrial hemp waste shall only be sold by an industrial hemp processing facility to a cannabis cultivation facility if:
 - a) the industrial hemp waste is derived from industrial hemp biomass that has been certified as industrial hemp by a state department of agriculture or the U.S. Department of Agriculture; and
 - b) the industrial hemp processing facility has records to substantiate the certification.
- 2) A cannabis cultivation facility may not receive more than 120 kilograms of industrial hemp waste in a single license year.

R68-32-4. Sale of Industrial Hemp - Notification and Approval.

- 1) Within ten days of the sale of industrial hemp waste by an industrial hemp processing facility to a cannabis cultivation facility, the industrial hemp processing facility shall:
 - a) notify the department of the potential sale in writing;
 - b) provide the department with a COA showing that the biomass from which the industrial hemp waste was derived was certified industrial hemp by a state department of agriculture or the U.S. Department of Agriculture; and
 - c) provide the department with a COA or other documentation of test results showing that a representative sample of the industrial hemp waste has been tested as required by Rule R68-29.
- 2) The department will approve the sale following review of the records of the industrial hemp processing facility to ensure compliance with this rule.
- 3) Upon approval of the sale, the department will issue a certificate to the industrial hemp processing facility allowing the sale to proceed.
- 4) No industrial hemp waste may be sold by an industrial hemp processing facility unless the industrial hemp processing facility has a license in good standing with the department.

- 5) The department may not approve the sale of cannabinoid concentrate with a THC concentration above 0.3%.

R68-32-5. Transportation.

- 1) Industrial hemp waste shall meet the testing requirements of Rule R68-29.
- 2) A printed certificate of sale shall accompany every transport of industrial hemp waste.
- 3) The certificate of sale may not be voided or changed after departing from the original industrial hemp processing facility.
- 4) The receiving cannabis cultivation facility shall ensure they are given a copy of the certificate of sale.
- 5) The receiving cannabis cultivation facility shall ensure that the industrial hemp waste received is as described in the certificate of sale and shall record the amounts received into the inventory control system.
- 6) The receiving cannabis cultivation facility shall document any differences between the quantity specified in the certificate of sale and the quantities received in the inventory control system.
- 7) During transport, the industrial hemp waste shall be:
 - a) shielded from the public view;
 - b) in a secure container; and
 - c) temperature-controlled if perishable.
- 8) A cannabis cultivation facility shall contact the department within 24 hours if a vehicle transporting industrial hemp waste is involved in an accident that involves product loss.

R68-32-6. Recordkeeping Requirements.

- 1) Following the purchase of industrial hemp waste from an industrial hemp processing facility, a cannabis cultivation facility shall ensure that each batch of industrial hemp waste has a unique identification number in the inventory control system.
- 2) A cannabis cultivation facility shall maintain a record of each purchase of industrial hemp waste, including:
 - a) a copy of the certification that the industrial hemp waste is derived from certified industrial hemp; and
 - b) if applicable, a copy of the record documenting that the extraction of the cannabinoid extract that qualifies as industrial hemp waste took place in Utah.
- 3) Each record shall be made available for inspection by the department.

R68-32-7. Testing Requirements.

- 1) Industrial hemp waste purchased by a cannabis cultivation facility shall be tested by a licensed cannabis testing laboratory pursuant to the requirements of Section R68-29-3 before transfer of the industrial hemp waste to a cannabis processing facility.
- 2) Testing shall be documented on a COA and recorded in the inventory control system.
- 3) Final products derived from industrial hemp waste are subject to the same testing requirements as other cannabis products.

R68-32-8. Inspection and Recall.

- 1) The department has the right to conduct a random inspection of industrial hemp processing facilities and medical cannabis cultivators that are subject to this rule, including an audit of the following to ensure compliance with Utah state law, rules, and this rule:
 - a) the records of an industrial hemp processing facility that has sold industrial hemp waste; and
 - b) the records of a cannabis cultivation facility that has purchased industrial hemp waste.
- 2) Inspection may take place at any time during normal business hours.
- 3) Industrial hemp waste that is identified as out of compliance may be subject to recall and destruction by the department.

R68-32-9. Violations.

- 1) Violations of this rule include:
 - a) sale or transfer of industrial hemp waste without notifying the department;
 - b) sale of cannabinoid concentrate with a THC level greater than 0.3%;
 - c) a medical cannabis facility allowing industrial hemp waste into the facility without entering it into the inventory control system;
 - d) a medical cannabis facility allowing industrial hemp waste into the facility without testing;
 - e) a facility not keeping and maintaining each record required by this rule;
 - f) a facility falsifying a record required to be kept under this rule;
 - g) a facility denying the department access to the records; and
 - h) transporting industrial hemp waste to a cannabis cultivation facility without a certificate of sale.
- 2) The department shall assess fines of:
 - a) \$3,000 - \$5,000 for public safety violations;
 - b) \$1,000 - \$5,000 for regulatory violations; and
 - c) \$500 - \$5,000 for licensing violations.

3) The department shall calculate fines based on the level of violation and the adverse effect or potential adverse effect at the time of the incidents giving rise to the violation.

4) The department may enhance or reduce the penalty based on the seriousness of the violation.

KEY: industrial hemp waste, industrial hemp processing facility, cannabis cultivation facility

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