

OVERVIEW OF HEMP-DERIVED CBD COMPLIANCE

Hemp, by law required to be very low in tetrahydrocannabinol (THC), is the non-psychoactive version of cannabis with superfood status. In 2003, the U.S. Department of Health and Human Services wrote patents on some of the cannabinoid molecules found in hemp, referring to them as “antioxidants and neuroprotectants.”

Recently, hemp oils high in cannabinoids such as cannabidiol (CBD) have gained fame due to the amazing evidence of their miraculous neuroprotective impact on little Charlotte Figi’s life – displayed to the world by CNN. Now, millions realize that these neuroprotective, antioxidant, and anti-inflammatory benefits extend to a variety of health applications, including neurological issues like mild anxiety, pain from exercise-induced inflammation, and dozens more significant issues.

Many Americans are confused over the legality of hemp because it is not available for general farming like corn or soybeans. Until 2014, only imported hemp was legal in the U.S. according to federal law. Thus, America is the largest importer of hemp products in the world, mostly from China, Canada and Europe.

THERE ARE ONLY THREE WAYS TO LEGALLY ACQUIRE CBD IN THE U.S.:

+ 1: IMPORT

It is currently legal to import cannabidiol processed from hemp stalks and seeds, in concord with a 2004 9th Circuit court decision. Imported CBD extracted from the hemp flower is not in compliance with current importation under this decision, and hence these imports are subject to seizure.

+ 2: GET IT FROM A MEDICAL MARIJUANA PROGRAM:

CBD extracted from cannabis can be acquired in a state with a legal Medical Marijuana (MMJ) program. This CBD cannot move across state lines. As a controlled substance, it is limited to serving only those residing in that state.

+ 3: VIA A DOMESTIC HEMP PROGRAM:

The most beneficial way to acquire CBD in the U.S. is from a legal hemp program in a state that is fully compliant with Federal Farm Bill section 7606. The State of Kentucky has the best legislative and regulatory pathway to empower hemp programs to grow, cultivate, process, and market hemp and hemp-derived CBD. The Kentucky Department of Agriculture (KDA) clearly articulates that the hemp flower is to be processed as an agricultural commodity - in other words, as food.

HOW SCALAR PLANTS TRUSTED HEMP PRODUCTS ARE LEGAL:

The 2014 Farm Bill (Agricultural Act of 2014) changed the legal status of hemp in the U.S. Section 7606 conveyed to state Departments of Agriculture and institutions of higher learning the ability to grow, cultivate, process, and market hemp as long as research projects were conducted in accordance with corresponding state and federal laws.

While a small path to accessing this American-grown superfood thus became available, it wasn't until an August 2016 issuance of a Statement of Principles by the USDA (also co-signed by DOJ/DEA and HHS/FDA) that federal agencies had a legal basis for the broad federal acceptance of hemp. Recent clarification has removed most of the legal questions about the movement of hemp and hemp-derived products over state and international lines.

Kentucky's leadership in hemp reform, stemming from its long history as the dominant American supplier of hemp products, has ensured that Kentucky's farmers and processors are in the vanguard of this re-emerging agricultural commodity.

Kentucky-grown hemp enjoys the clarity of rules designed to regulate the agricultural production of a re-purposed crop in a jurisdiction famous for its farmers and its hemp. Our grower is proud of having a successful history and relationship with the Kentucky Department of Agriculture, instituting our head office at our Hemp Research Campus in Winchester, KY, and becoming the first recipient of a multiyear production permit.

LEGALITY OF SCALAR™ HEMP & CBD PRODUCTS BY YEAR:

PRE-2014

All cannabis, including hemp, is not federally approved, regulated, or lawful except under DEA license as a Schedule 1 drug agricultural commodity (i.e., food).

Hemp imports of material sourced from stalk and seed only had increased materially since a 2004 9th Circuit ruling where HIA won the right to import hemp products, expressly omitting inclusion of the hemp flower.

2014

US Farm Bill (Section 7606) creates a federal structure for state-level industrial hemp pilot programs engaging in growth, cultivation, and marketing. Corresponding state legislation and regulatory structure provides a federally legal architecture for low-THC hemp production.

2015

A U.S. Agricultural Appropriations Bill contains an amendment allowing for the movement of hemp plant matter, including seeds, across state lines.

Congress signs the Omnibus Act, which further protects the Our growers program by preventing federal monies from being spent to “prohibit the transportation, processing, sale or use of industrial hemp that is grown or cultivated in accordance with” Section 7606 of the U.S. Farm Bill.

2016

The USDA, in conjunction with co-signers from DEA/DOJ and FDA/HHS, issues a Statement of Principles that signify the federal acceptance of hemp.

NIFA, part of the U.S.D.A., announces that it will accept hemp-related projects for funding grants.

The Kentucky Department of Agriculture (KDA) clarifies its support of hemp, hemp-derived CBD, and corresponding agricultural development for its farmers and processors.

Various other governmental actors, including Senate Majority Leader Mitch McConnell, provide further written support for hemp as an agricultural commodity.

The KDA issues its 2017 Policy Guide, the nascent hemp industry’s most significant regulatory guide.

2017

Kentucky quietly passes SB 218, clarifying the role of the KDA in relation to Kentucky’s hemp regulations.

The 2017 Omnibus Spending Bill passes, including previous hemp language and clearly articulating state/international line transportation.

Expectations of the introduction of The Hemp Farming Act of 2017 are high.