



Humboldt Hemp Memo

4/17/25

What We're Proposing

Broadly, we're interested in establishing a county hemp cultivation pilot program that would allow cannabis cultivators in good standing to cultivate up to 5,000 square feet of hemp in addition to their existing permitted cannabis cultivation area, or to grow hemp within their existing county-permitted cultivation area. Ideally, we'd like to make this option available for cannabis cultivators for the 2025 growing season, which would mean having the ability to put plants in the ground by ~July 1.

How is Hemp Different From Cannabis?

Following the passage of the 2018 federal farm bill, the cultivation of hemp - defined as cannabis with less than 0.3% delta-9 THC by weight - is legal in the United States. States can enact a federally-compliant hemp program by either implementing a state-level program that meets certain minimum federal standards, or by ceding their authority to USDA and allowing the federal government regulate in-state agriculture.

In California, the state has chosen to implement a state-level program that meets the minimum federal standards outlined in the 2018 Farm Bill. This program is codified in state law and regulation.¹

Hemp is regulated as an agricultural crop in California, and hemp cultivators are regulated under CDFA and county agricultural commissioners rather than the Department of Cannabis Control.² The DCC does not regulate hemp cultivation, and in fact state law prohibits hemp cultivation on a premises which is licensed by the DCC.³ However, local governments retain land use authority over hemp, leading different California counties to either prohibit or regulate hemp cultivation.

What's Changed Since 2019?

¹ <https://www.cdfa.ca.gov/plant/industrialhemp/docs/CalifornialndustrialHempLawandRegulations.pdf>

² A more detailed summary of CDFA rules for hemp cultivation are included as an appendix.

³ California Food and Agriculture Code 81006(c). Note that this law does not prohibit hemp cultivation on a *property* where cannabis is cultivated under a DCC license, only on the specific demarcated *premises* licensed by the DCC.

When hemp was last considered by the Humboldt Board of Supervisors in 2019, HCGA expressed significant concerns regarding risks associated with certain forms of hemp cultivation. Over the past six years, however, significant changes in the cannabis and hemp markets have led to a meaningfully different set of conditions.

In October 2019, staff presented a draft ordinance⁴ to the Planning Commission which proposed allowing hemp cultivation within three distinct contexts: 1) at unlimited scales within traditional agricultural zones (e.g. the Eel River Valley); 2) for existing cannabis cultivators, subject to the same conditions and size limitations as their existing local cannabis permits; and 3) for small-scale homestead cultivators, up to 5,000 square feet subject to baseline “performance standards” (e.g. full sun outdoor cultivation, non-diversionary water source).

In response to this 2019 proposal, HCGA submitted a letter⁵ specifically opposing option 1, while expressing neutrality on options 2 and 3. Following several public hearings, the Planning Commission and Board of Supervisors chose not to move forward with the ordinance, and instead adopted the current prohibition on hemp cultivation in the county.

Today, HCGA remains opposed to the type of large-scale hemp cultivation envisioned in the 2019 ordinance proposal (option 1). As we discussed in our 2019 letter, male plants are difficult to identify and remove on large-scale farms - particularly for farmers not experienced in cannabis cultivation - resulting in an unacceptable risk of pollen drift affecting permitted cannabis farmers.⁶ Additionally we continue to see little opportunity for Humboldt to compete in a commoditized hemp market driven by large-scale agriculture, and we see a significant risk that large-scale hemp farms could dilute the Humboldt cannabis brand if Humboldt becomes associated with commodity-scale production.

In our 2019 letter, we saw much less risk associated with the small-scale hemp cultivation proposed by the draft ordinance; at the same time, however, we questioned whether there was viability to this scale of cultivation under 2019 market conditions. Over the past six years, however, we believe that market and policy conditions have evolved to a degree where option 2 (hemp cultivation under an existing cannabis permit) and option 3 (small-scale hemp cultivation outside a permitted cannabis cultivation area) from the 2019 ordinance are worth reconsidering.

Hemp Cultivation as an Opportunity for Humboldt Cannabis Farmers

Since 2019, wholesale (commodity) cannabis prices in California have collapsed from approximately \$1,200 per pound to approximately \$250 per pound. These prices are unsustainable and below cost of production for most small farmers.

In itself, a collapse in wholesale cannabis prices for Humboldt cultivators could have been mitigated *if* state law and regulation had adapted to this decline by 1) establishing policy that supports small cultivators in marketing craft products with a premium price, and 2) re-evaluating

⁴ https://drive.google.com/file/u/2/d/1sXzY4RHqNn2C63k_NMoTjzD4hhx7uAT9/view?usp=sharing

⁵ https://drive.google.com/file/d/1EBI5H_3C7_fSebveXGFLsa-KEUeyda9G/view

⁶ Technical details supporting this are discussed in more detail in our 2019 letter.

costly state regulations that can no longer be justified in light of declining market prices and a maturing, post-prohibition set of regulated licensees. Unfortunately, since the start of the market collapse in 2021, the state has not acted to meaningfully address these issues:

- The state continues to require cultivators to conduct transportation and make sales through a mandatory distributor, impeding market access and craft differentiation for small producers.
- Overall cannabis retail access points in California continue to be limited.
- Governor Newsom vetoed AB 1111 in 2024, which would have allowed small farmers to sell directly to consumers at cannabis events.
- The DCC continues to impose onerous and unnecessary regulations not applicable to other agriculture, such as requiring a plastic METRC tag to be affixed to every plant, and requiring any form of cannabis transportation to be accompanied by a \$2 million insurance policy.
- DCC cultivation licensing fees continue to be based on 2018 assumptions of \$1,200/pound prices, resulting in a dramatic increase to licensing fees as a proportion of farmer revenue.
- Federal cannabis law has not changed, and interstate or international cannabis commerce continues to be prohibited.

By contrast, hemp is regulated as an agricultural crop under USDA, CDFA, and county agricultural commissioners, and enjoys much greater market access opportunities under a more sensible regulatory regime. Hemp farmers:

- Are able to access interstate and international commerce, subject to laws in each state regulating retail sales.
- Are not required to utilize a distributor.
- Have the ability to access distribution and sales channels which are more appropriate for craft producers, such as direct-to-consumer shipping through USPS.⁷
- Have access to CDFA and USDA resources for supporting agriculture.
- Pay a flat \$900 registration fee to the county agricultural commissioner, compared with a \$2,410 annual fee for a 5,000 square foot outdoor cannabis cultivator and a \$13,990 annual fee for a 1 acre outdoor cannabis cultivator.

The hemp regulatory framework offers an opportunity for Humboldt craft producers to grow and market hemp-derived products at a much lower cost, and with much greater access to markets, than is currently possible under the state cannabis regulatory framework.

Opportunities in Interstate Commerce: Producing Hemp for Export

The opportunity for legal interstate commerce, in particular, offers a unique opportunity for Humboldt farmers. Many cannabis operators elsewhere in California have begun to supplement their in-state cannabis operations with export-focused branded hemp operations. Engaging in hemp interstate commerce provides an opportunity to both make immediate sales in other

⁷ USPS Publication 52, Section 453. https://pe.usps.com/text/pub52/pub52c4_019.htm

states, and to build a nationwide brand in anticipation of ultimate liberalization of federal cannabis policy. California-based hemp exports include both high-CBD hemp products, and hemp products containing relatively higher levels of THC that comply with state and federal requirements for hemp under the 2018 Farm Bill.

Examples of California cannabis brands also participating in interstate hemp markets include Glass House Farms, which now produces up to 240,000 pounds of hemp annually and is partnered with UC Berkeley on hemp research⁸; and Kiva Confections, the largest cannabis manufacturer in California, which now ships hemp products directly to consumers in 23 states, Puerto Rico, and Washington D.C.⁹ A recent report published by ERA Economics in collaboration with the DCC estimated that California produces 1.6 million pounds of hemp in 2023, most of which was exported out of the state.¹⁰

It's worth noting that while California has adopted extremely stringent standards for retail hemp sales within the state - including a complete prohibition on detectable THC in hemp products,¹¹ and a ban on the sale of hemp flower¹² - these restrictions explicitly *do not apply to exports*, which are instead subject to varying retail sales laws in each state.

Policy Details in a Hemp Cultivation Pilot Program

If the county were to pursue a hemp cultivation pilot program, several technical details would be important to consider. Below, we consider several potential policy areas and offer our recommendations.

1. Hemp cultivation within or outside the cannabis cultivation area - the county could choose to permit hemp cultivation within a permitted cannabis cultivation area and subject to local cannabis permit conditions (e.g., option 2 from the 2019 draft ordinance) and/or outside the cannabis cultivation and subject to specified standards (e.g. option 3 from the 2019 draft ordinance).

While both options offer potential benefits to cannabis cultivators, growing hemp outside the permitted cannabis cultivation area would offer significantly greater benefits. State law prohibits hemp from being grown on a DCC-licensed premises. To get around this requirement, cannabis

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<https://www.cannabisbusinesstimes.com/business-issues-benchmarks/hemp-research/news/15742401/glass-house-collaborates-with-uc-berkeley-on-hemp-rd>

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https://shopkivaconfections.com/collections/frontpage/products/camino-watermelon-lemonade-bliss-gummies?selling_plan=5375590643&variant=44057675202803

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<https://cannabis.ca.gov/wp-content/uploads/sites/2/2025/03/California-Cannabis-Market-Outlook-FNL.pdf>

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<https://www.cdph.ca.gov/Programs/OLS/Pages/DPH-24-005E-Emergency-Regulations-for-Industrial-Hemp.aspx>

¹² HSC 111921.6. (a) "Manufacture or sale of inhalable products is prohibited. Manufacture of inhalable products for the sole purpose of sale in other states is not prohibited."

cultivators would be required to either fallow or surrender their DCC cultivation license to grow hemp, which can be practically and administratively challenging and incur other costs.¹³

Additionally, growing hemp outside the cannabis cultivation area would position hemp as an additive opportunity for farmers, rather than a zero-sum tradeoff with their cannabis cultivation area.

- **HCGA Recommendation:** Allow permitted cannabis cultivators to grow hemp *either* within their county-permitted cannabis cultivation area, *or* on a limited basis (i.e. 5,000 square foot cap) outside their existing cannabis cultivation area.
- **HCGA Recommendation:** To support the Humboldt brand, if hemp cultivation is permitted within existing county-permitted cannabis cultivation areas, consider capping allowable hemp cultivation under a cannabis permit at some level below Humboldt's existing eight-acre cap for cannabis cultivation.

2. Hemp cultivation under a tenth of an acre - state law prohibits hemp cultivation under one-tenth of an acre, or 4,356 square feet. Unfortunately, a significant number of permitted cannabis farmers in Humboldt are permitted for less than this amount for cannabis cultivation. This creates a significant barrier for smaller farmers who might want to grow hemp under a prospective ordinance.

- **HCGA Recommendation:** Either 1) allow permitted cannabis cultivators to grow up to 5,000 square feet of hemp outside their permitted cannabis cultivation area, and/or 2) create a mechanism for existing cannabis cultivators under 4,356 square feet to expand their permitted area to the minimum allowable square footage without excessive regulatory barriers.

3. Hemp cultivation for seed and fiber - when cultivated for seed or fiber rather than cannabinoid content, hemp is typically grown in dense plots and with male plants. By contrast, farmers growing hemp for cannabinoid content (flower) are careful to ensure their plot only contains female plants.

While we believe hemp cultivation for seed or fiber in general has great promise for a variety of applications, we do not believe this form of hemp cultivation is appropriate *in Humboldt*. The presence of male plants creates unacceptable risks of pollination for cannabis farms, and hemp grown for these industrial purposes is almost always done on very large scales.

- **HCGA Recommendation:** Limit hemp production to cultivation/breeding for the purpose of cannabinoid production. Do not allow hemp cultivation for edible seed, seed oil, or fiber in Humboldt. Language to this effect is already included in the draft 2019 hemp ordinance proposed by staff.

¹³ For example, fallowed cultivation licenses are still required to pay 20% of their annual license fee to DCC, and if a cultivation license is surrendered, it requires applying from square one at a future date to obtain that license again.

4. Environmental compliance - existing cannabis operators in good standing have already demonstrated compliance with applicable laws, (e.g., LSAs, well studies, Water Board discharge orders).

→ **HCGA Recommendation:** Cannabis cultivators growing hemp under an existing cannabis permit would be subject to their existing local cannabis permit conditions. Cannabis cultivators growing hemp outside of an existing cannabis permit could be held to baseline performance standards similar to those proposed by staff in 2019 (e.g. agriculturally zoned land, including FP and RA designations, and use of a non-diversionary water source).

5. Neighborhood concerns - an unrestricted hemp cultivation program could provoke concerns of a hemp “Green Rush,” such as the enormous influx of hemp cultivation that affected Southern Oregon in 2019.¹⁴ Limiting a pilot program to cannabis farmers in good standing would ensure that such a scenario would not be possible.

→ **HCGA Recommendation:** Limit an initial pilot program to cannabis farmers in good standing who have already mitigated concerns related to smell, setbacks, vehicle trips, etc. and who have achieved, or are on track to achieve, all conditions of approval.

6. Program evaluation - if a hemp cultivation pilot program were authorized for 2025, the county would likely want to assess outcomes from the program and consider future directions.

→ **HCGA Recommendation:** assuming a hemp cultivation pilot program for the 2025 growing season, we recommend that staff from relevant departments report back to the Board of Supervisors in early 2026 to assess outcomes from the program and consider appropriate next steps for 2026. Additionally, we recommend that the agricultural commissioner include hemp in the 2026 crop report and compile relevant statistics and information as part of this report.

¹⁴ <https://oregonbusiness.com/18857-hemp/>

Appendix: California Legal Framework for Hemp Agriculture

Current California law and regulation¹⁵ establish the following parameters for the registration of hemp cultivation:

- **Regulated as agriculture** - hemp cultivation is regulated as agriculture under the authority of CDFA and county agricultural commissioners.
- **\$900 hemp cultivation registration fee** - prospective hemp cultivators must register with their county agricultural commissioner with basic information about themselves, their land, and the cultivars they intend to grow, and must pay an annual \$900 registration fee. This \$900 fee appears to be per registrant, not per cultivation site.
- **Parallel registration for hemp breeders** - a prospective hemp *breeder* must submit a similar plan to their county agricultural commissioner, but which also includes a “variety development plan.”
- **Felony exclusion** - prospective hemp cultivators must submit a criminal history report. A person convicted of a felony related to a controlled substance on or before January 1, 2020, may not cultivate hemp in the ten years following the conviction.
- **Co-location with cannabis prohibited** - a registered hemp cultivation site may not be “on [a] premises licensed by the Department of Cannabis Control to cultivate or process cannabis.”
- **Size minimums** - hemp must be cultivated on a scale of at least one-tenth of an acre (4,360 square feet).

The following operational requirements are applicable to hemp cultivators:

- **Limitation to approved cultivars** - registered hemp cultivators may only grow hemp which is on a list of approved cultivars. Standards for approved cultivars are available [here](#).
- **Required submissions for planting and movement of nursery stock** - cultivators must submit a “planting report” to the county agricultural commissioner within 72 hours of planting, and must submit a “movement of nursery stock” report 72 hours prior to movement or a change in ownership of nursery stock.
- **Sampling and THC testing requirements** - there are extensive sampling requirements to verify that hemp THC content is below 0.3%, as outlined below:
 - Samples must be collected no more than 11 days prior to the *start* of harvest.
 - Harvesting must be *completed* within 30 days of sampling.
 - A Sample Analysis Request Form must be submitted to the county agricultural commissioner at least 30 days before the start of harvest.
 - Samples must be collected by USDA-certified samplers.
 - For plantings which are less than six acres, six samples must be collected.
 - Samples must be tested by an [approved laboratory](#) in California.
 - Samples are tested for THC content on a dry weight basis.

¹⁵ <https://www.cdfa.ca.gov/plant/industrialhemp/docs/CalifornialIndustrialHempLawandRegulations.pdf>

- Based on the results of the test, the laboratory will issue a laboratory test report that certifies the sample as either “PASSED AS CALIFORNIA INDUSTRIAL HEMP” or “FAILED AS CALIFORNIA INDUSTRIAL HEMP.”

Enforcement is structured as follows:

- **Inspections by the county agricultural commissioner** - the county agricultural commissioner is required to conduct annual inspections of a random group of registrants.
- **Negligent violations** - “negligent” violations of THC percentage standards by a hemp cultivator are enforced through a “corrective action plan.” Three negligent violations result in a five-year suspension of hemp cultivation authority.
- **Intentional violations** - “Intentional” or “reckless” violations of THC percentage standards by a hemp cultivator are enforced through referral to the Attorney General.

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