

# USDA HEMP RULES:

## A HANDBOOK FOR HEMP & CBD BUSINESSES

Quick reference guide to  
new USDA hemp rules for  
cultivators, extractors,  
manufacturers and investors

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# Introduction

**A**fter decades of prohibition, hemp is now being treated like any other agricultural commodity. The shift is long overdue. But it brings significant changes to how the plant is grown, processed and sold.

Welcome to the first report from the research team at *Hemp Industry Daily* evaluating cannabis regulations from agricultural regulators, not drug enforcers. Consider this your guide to the new hemp landscape.

When the U.S. Congress removed hemp from the Controlled Substances Act in late 2019, it gave oversight of the low-THC cannabis variety to the U.S. Department of Agriculture (USDA). It was a watershed moment for a plant that had been regulated by the U.S. Drug Enforcement Administration (DEA) for five decades.

The regulatory change means hemp is no longer limited to controlled state experiments. Instead, it is subject to one national set of rules, with state-by-state variances allowed only with the blessing of the USDA. The agency now has jurisdiction over:

- Seed quality and genetics.
- THC sampling and testing.
- Import/export rules.
- State-level hemp laws.

It took the USDA nearly a year to come up with this framework for regulating hemp, a national plan designed to ensure that hemp and all its byproducts are legal. (Marijuana, however, remains a Schedule 1 drug.)

At the same time, the USDA made new estimates about the size of the hemp industry, providing the most detailed analysis yet of the federal cannabis marketplace. In this report, you'll find groundbreaking insights into the market provided by researchers at the USDA, including:

- Estimated acreage and producers.
- Estimated end use for crops: fiber, flower or grain.
- Per-acre costs and profits.
- Expected yields per acre.

The USDA rules are in effect, but they're going to change.

The agency has invited feedback from hemp producers and vowed to make changes where possible. The USDA also concedes that the 2020 growing year will be one of experimentation, with changes certain as farm regulators look for rules that work for this new industry.

For that reason, information in this report should not be considered final. Instead, consider it a starting point for understanding the USDA hemp regulations and how this new day for cannabis will affect your business.

If you have any questions or want to provide feedback, please contact us at [laurad@hempindustrydaily.com](mailto:laurad@hempindustrydaily.com) or [maggiec@mjbizdaily.com](mailto:maggiec@mjbizdaily.com).



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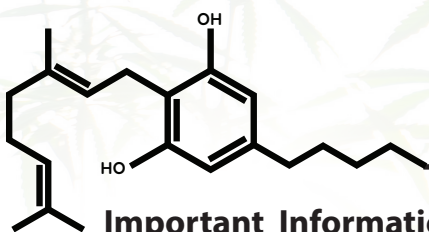


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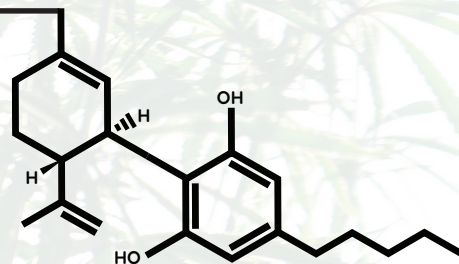
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#### Important Information Regarding New USDA Hemp Rules

The USDA rules create uncertainty as to harvest times and compliance for current hemp varieties in 2020. Testing for compliance may vary, depending on the State, Tribe, or County. CBD varieties should be tested weekly after four weeks in flower and may require early harvest to ensure compliance. CBG varieties should also be monitored. Phytonyx is committed to working with farmers and providing the information needed to operate within the law.



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# USDA Hemp Production Rules: What They Do and Don't Do

## THE INTERIM FINAL RULE

Outlines provisions for the U.S. Department of Agriculture (USDA) to approve plans submitted by states, territories and American Indian tribes for the domestic production of hemp.

Establishes a federal plan for producers in states, territories and American Indian tribes that do not have their own USDA-approved plan.

Clarifies THC levels to be total delta-9 THC concentration of not more than 0.3% on a dry weight basis.

Includes provisions for maintaining information on the land where hemp is produced, testing levels of delta-9 THC, disposing of plants not meeting necessary requirements, licensing requirements, and ensuring compliance.

Allows for the interstate transportation and shipment of hemp.

Requires samples from flower material to be taken within 15 days prior to the anticipated harvest of hemp plants by a federal, state, local, or tribal law-enforcement agency or designated person for delta-9 THC testing.

Requires that laboratories report the measurement of uncertainty as part of any hemp test results and include a definition of an "acceptable hemp THC level" to account for uncertainty in test results.

Provides that states and institutions of higher education can continue operating under the authorities of the 2014 Farm Bill, though this extension expires in October 2020.

Projects how many farmers will grow hemp next year.

Requires THC testing to be done in a lab certified by the U.S. Drug Enforcement Administration.

## THE INTERIM RULE DOES NOT

Include a seed certification program, because the same seeds grown in different geographical locations and growing conditions can react differently.

Prohibit the interstate commerce of hemp; no state or Indian tribe may prohibit the transportation or shipment of hemp produced in accordance with the federal interim final rule or the 2014 Farm Bill.

Allow for the exportation of hemp. Instead, USDA will rule on this later.

Limit the U.S. Food and Drug Administration's authority to ban the sale of CBD in foods, drugs and cosmetics.

Allow any use of hemp that exceeds the THC limit.

Regulate hemp processing.

Specify how much hemp producers will be charged for licenses and testing.





For instance, some of the most used words were “Hemp” (729 times), “State” (629 times), “USDA” (547 times), “Tribe” (491 times) and “Producer” (429 times); some of the least-used words included “Banking” (2 times), “Financing (2 times)”, “Grain” (4 times), “Fiber” (5 times) and “Insurance” (6 times).



# Hemp Market Projections

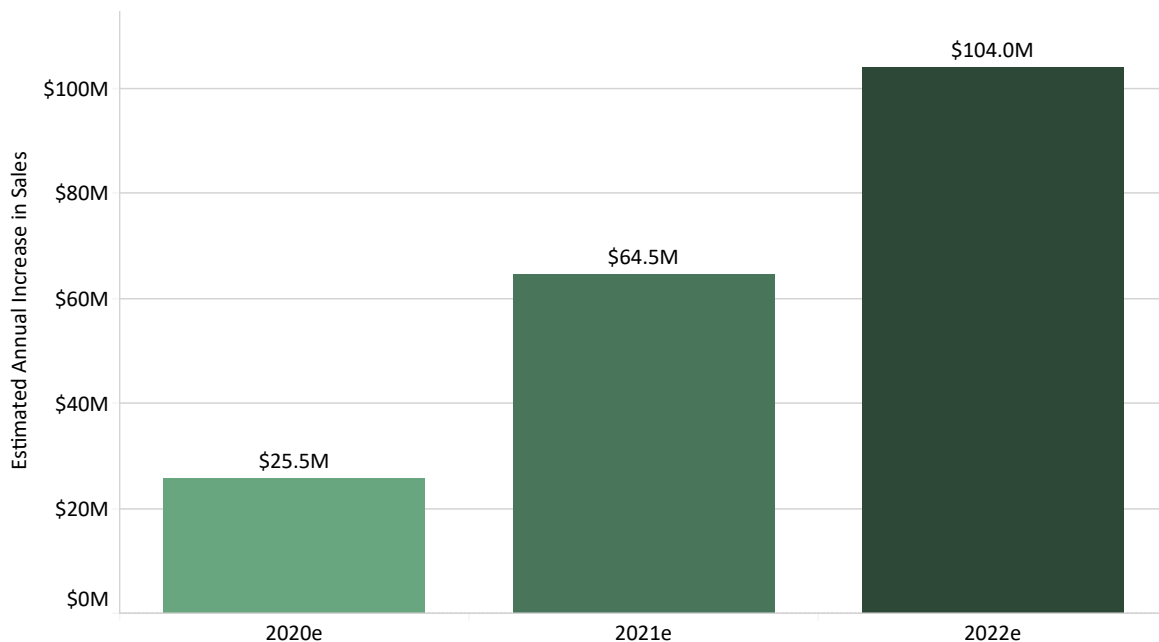
## CHART 1: USDA Projections on 2020-2022 Hemp Production/Profitability

The USDA estimates that sales for the nation's hemp producers collectively will increase \$25.5 million next year. Sales are expected to increase \$64.5 million in 2021 and \$104 million in 2022.

The agency points to three drivers of growth for hemp sales:

- The rate at which hemp acreage has increased in recent years.
- The number of states whose hemp pilot programs produced a crop in recent years.
- How many states have passed legislation following the signing of the 2018 Farm Bill.

### Estimated Annual Increase in Hemp Producer Sales: 2020 - 2022



Source: U.S. Department of Agriculture

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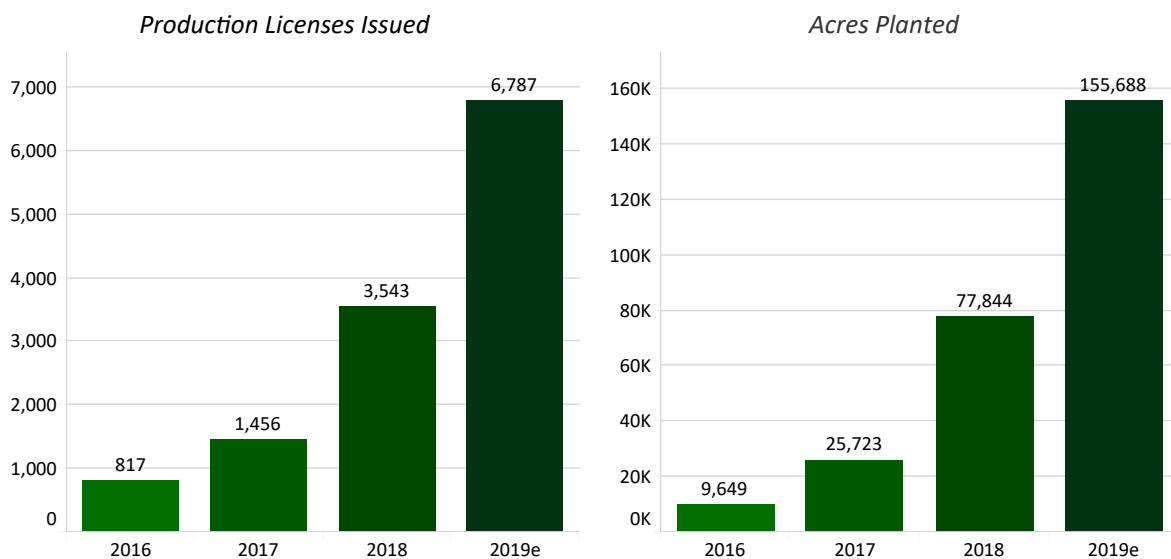
## CHART 2: Estimated Number of Hemp Producers and Acres Planted in Hemp: 2016 Through 2019e

The USDA recorded big jumps in both the number of hemp producers and the number of acres planted between 2016 and 2019.

The agency noted that the number of licensed hemp producers ballooned to 6,787 this year, a rise of more than 700% from 2016, when there were just 817 licenses issued nationwide by state departments of agriculture.

Over that same period, the USDA counted an even bigger increase in the national acreage in hemp, up an eye-popping 1,500% to 155,688 acres. The 2019 figure, which won't be certain until 2020 reports are available, would mean that the U.S. has more acres growing hemp this year than it had acres growing strawberries, peaches or avocados last year.

### Estimated Number of Hemp Producers and Acres Planted in Hemp: 2016 Through 2019e



Source: U.S. Department of Agriculture, Vote Hemp, state departments of agriculture  
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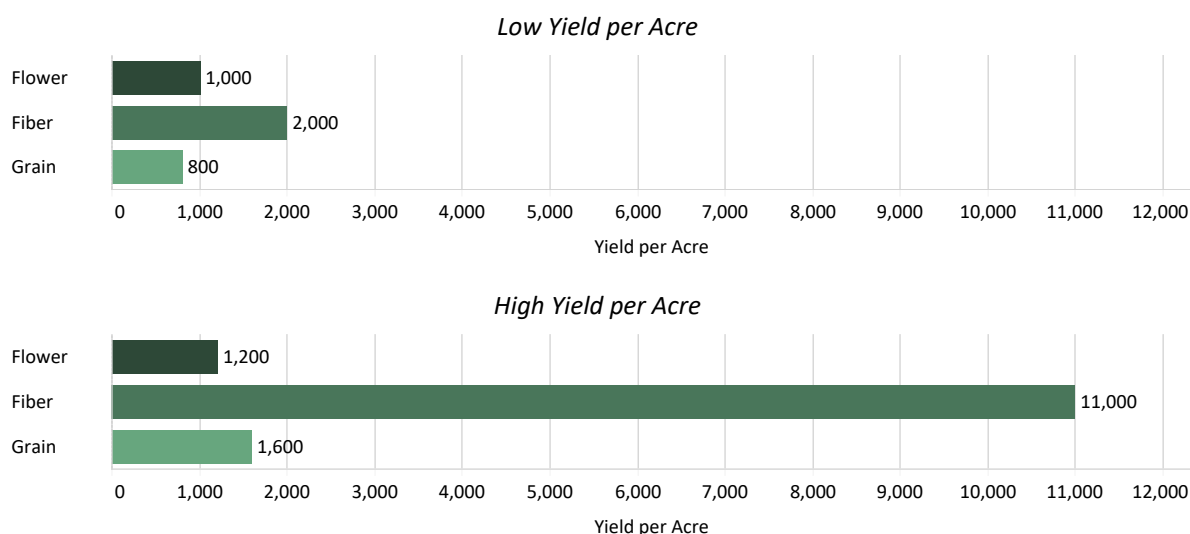
### CHART 3: Estimated Yield Per Acre

How much does an acre of hemp yield? That's hard to say, something the USDA acknowledged when the agency produced yield estimates about the new crop. Agency officials call the industry "nascent" and note that yield estimates "vary widely from source to source."

As such, the agency decided to provide a range of yields when projecting yields by various types of hemp.

- Flower varieties are projected to yield 1,000 pounds to 1,200 pounds per acre.
- Fiber varieties are projected to yields 2,000 pounds to 11,000 pounds per acre.
- Grain varieties are projected to yield 800 pounds to 1,600 pounds per acre.

#### Estimated Yield Per Acre for Hemp Flower, Fiber & Grain: Low Yield vs. High Yield



Source: Congressional Research Service, Kentucky Department of Agriculture, University of Kentucky, U.S. Department of Agriculture, Vote Hemp  
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## CHART 4: Estimated Gross Revenue Per Acre

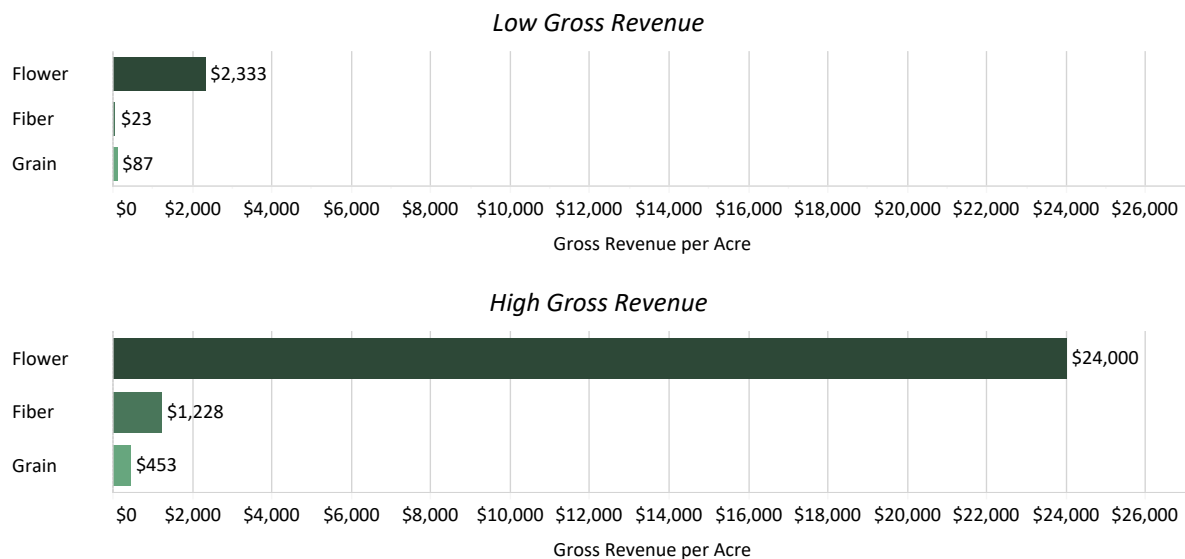
Hemp revenue appears to vary as widely as per-acre yields. The USDA noted this wide variance when projecting farmer revenues per acre of production, depending on type of hemp grown.

For flower varieties, the USDA noted a possible tenfold difference in per-acre revenues, from \$2,333 an acre to \$24,000 per acre.

For fiber varieties, the range was \$23 per acre to \$1,228 per acre.

For grain varieties, the range of per-acre revenues was \$87 to \$453.

### Estimated Gross Revenue per Acre for Hemp Flower, Fiber & Grain



Source: Congressional Research Service, Kentucky Department of Agriculture, University of Kentucky, U.S. Department of Agriculture, Vote Hemp

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## CHART 5: Estimated Costs Per Acre

Farmers excited about the revenue potential from hemp's flower varieties, compared to fiber and grain varieties, might also want to account for how much more expensive it is to grow an acre of that valuable flower.

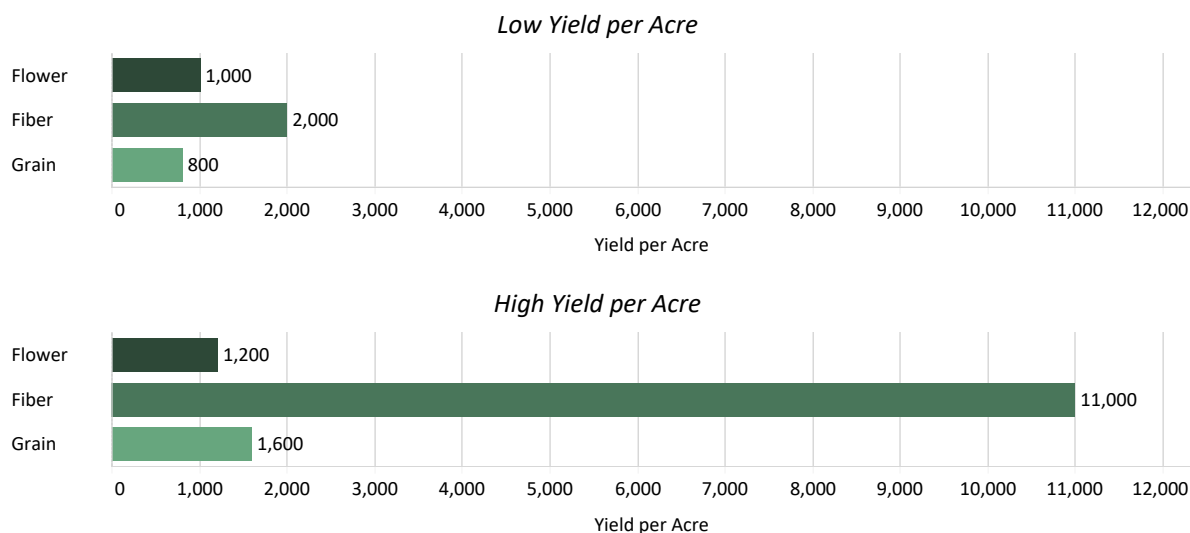
The USDA looked at variable costs for farmers—which include non-land costs such as seeds, labor, fertilizer and pest control—to estimate per-acre expenses. The USDA concludes that flower producers pay a price for generous per-acre returns.

Hemp producers can expect to spend more than \$19,000 per acre on variable costs for a flower variety, while a fiber variety costs a farmer just \$180 or so per acre to produce, and grain costs just about \$150 an acre to produce in variable costs.

Looking at variable yields and variable revenues together, the USDA noted how much risk hemp producers take. A farmer who plants one acre of hemp, two-thirds of it for flower and another third for fiber or grain varieties, could lose as much as \$16,987 an acre or make as much as \$6,260 per acre, depending where the true yield, costs and revenue fall. In other words, profit potential is there in the hemp industry, but profit is not assured for any hemp farmer.

Finally, the USDA also noted that variable costs do not account for the price of land nor land rent.

### Estimated Yield Per Acre for Hemp Flower, Fiber & Grain: Low Yield vs. High Yield



Source: Congressional Research Service, Kentucky Department of Agriculture, University of Kentucky, U.S. Department of Agriculture, Vote Hemp  
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## CHART 6: Estimated Net Benefits from USDA Proposed Hemp Rules: Upper Bound Costs vs. Lower Bound Costs

When a federal agency starts crunching the numbers on a new law, it provides some analysis of the law's possible overall costs and benefits.

This chart summarizes the USDA's analysis of how much hemp legalization will both cost the nation and benefit the nation. USDA noted "the high degree of uncertainty" in how the new industry will develop and made some calculations on how the nation will benefit from the changed hemp law.

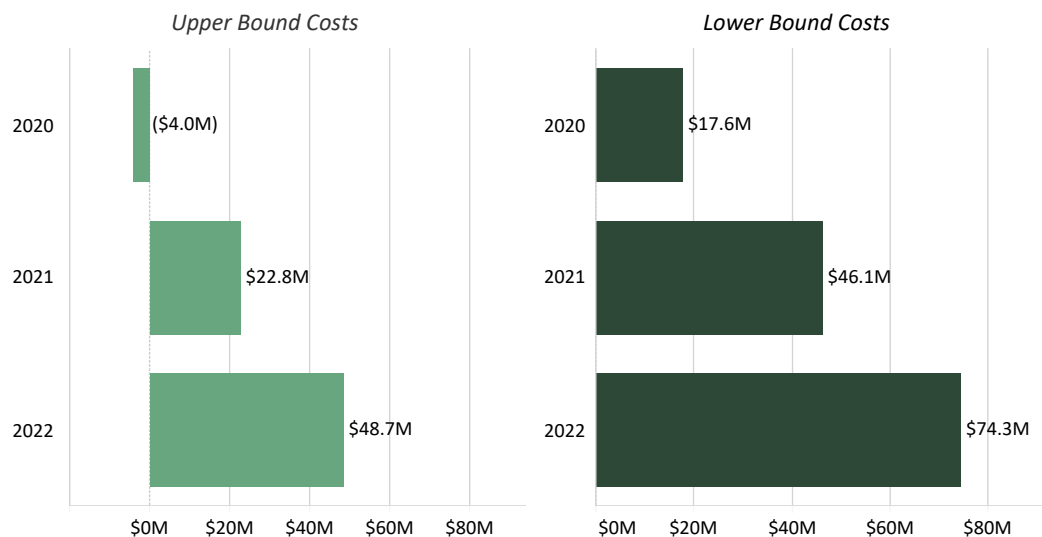
Using its highest projections on costs, the USDA projects that the hemp change will:

- Cost the nation about \$4 million in 2020.
- Give the nation a benefit of \$23 million in 2021.
- Give the nation a benefit of \$49 million in 2022.

Using its rosier projections on both costs and benefits, the USDA projects that the hemp change will:

- Give the nation a benefit of \$18 million in 2020.
- Give the nation a benefit of \$46 million in 2021.
- Give the nation a benefit of \$74 million in 2022.

### Estimated Net Benefits from USDA Proposed Hemp Rules: Upper Bound Costs vs. Lower Bound Costs

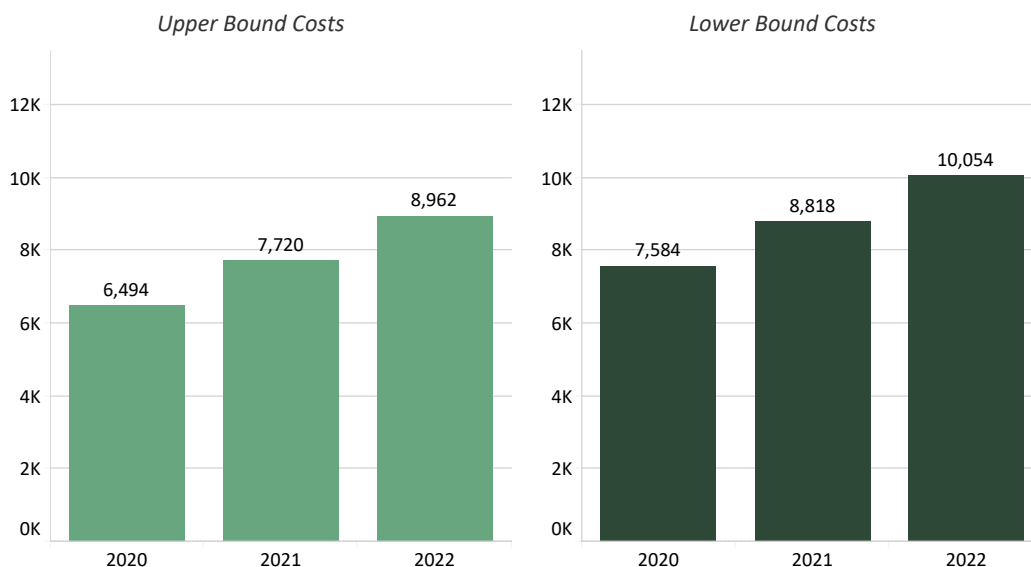


Source: U.S. Department of Agriculture

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## CHART 7: Estimated Number of Hemp Licensees Following Proposed USDA Hemp Rules: Upper Bound Costs vs. Lower Bound Costs

### Estimated Number of Hemp Licensees Following Proposed USDA Hemp Rules: Upper Bound Costs vs. Lower Bound Costs



Source: U.S. Department of Agriculture

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## CHART 8: Estimated Proportion of Hemp Producers Meeting Small Business Administration Definition of "Small Agricultural Business"

Hemp entrepreneurs frustrated by ongoing challenges in the hemp business landscape accessing loans and other banking services should find comfort in this projection from the USDA.

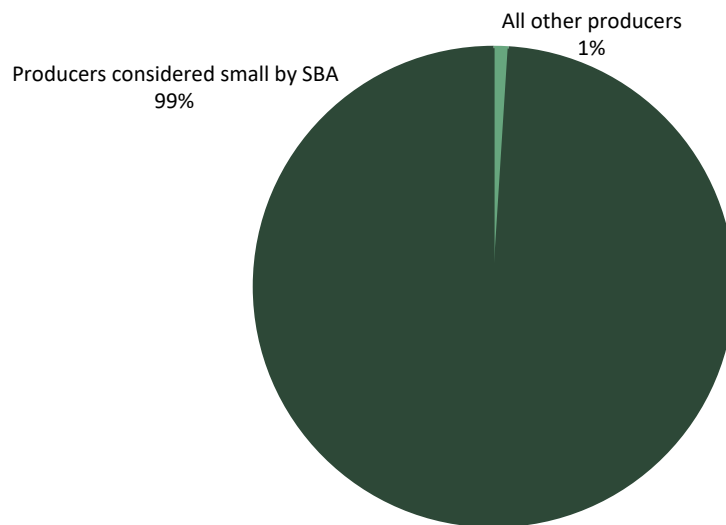
The agency projects that 99% of hemp producers will meet the federal definition of a "small agricultural business," which means they have annual receipts below \$750,000. The USDA projects that an average hemp producer will gross roughly \$3,293 per acre.

SBA eligibility triggers enhanced opportunities to borrow money at reasonable rates and access to free business counseling from the government, including help:

- Managing cash flow.
- Budgeting to meet payroll.
- Establishing credit history.
- Applying for tax incentives.

Small businesses also have greater opportunities to sell to the federal government. While it's far from clear how much hemp the U.S. government might buy in the future, governments have historically been large purchasers of hemp industrial products and may become large customers once again.

**Estimated Proportion of Hemp Producers Meeting Small Business Administration Definition of "Small Agricultural Business"**



Source: U.S. Department of Agriculture

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## USDA's THC Sampling and Testing Protocols

Hemp's legal definition is the plant species *Cannabis sativa* L. and any part of that plant, including seeds and all derivatives, extracts, cannabinoids, isomers, acids, salts (including isomers), whether growing or not, with a delta-9 tetrahydrocannabinol (THC) concentration of not more than 0.3% on a dry-weight basis.

Cannabis with a THC level exceeding 0.3% is considered marijuana, which remains classified as a Schedule 1 controlled substance regulated by the Drug Enforcement Administration (DEA) under the Controlled Substances Act (CSA).

State and tribal plans must incorporate procedures for sampling and testing for hemp to ensure the cannabis that is grown and harvested does not exceed the acceptable 0.3% hemp THC level.

Sampling procedures must ensure that a representative sample of hemp production is collected and delivered to a DEA-registered laboratory for testing.

Within 15 days before or up to the estimated date for crop harvest, a federal, state, local or tribal law enforcement agency or other designated person must collect samples from the flower material for delta-9 THC concentration testing. The licensed producer is responsible for paying any fees related to sampling.

If producers delay harvest beyond 15 days, the plant will likely have a higher THC level at harvest than the sample that is tested. The 15-day requirement was thought to yield the truest measurement of the point of harvest, based on what would be a reasonable time to harvest the field and allow for variables like weather and equipment delays.

According to **USDA's sampling guidelines**, samples are collected by "lot," which could include a field, greenhouse or indoor structure designated by the producer and reported to and identified by the USDA's Farm Service Agency (FSA). For sampling purposes, the lot must be a contiguous area that contains the same variety or strain of cannabis. The lot also refers to the batch of contiguous, homogenous product being sold to a single buyer.

The agent collecting samples must be accompanied by the licensed producer.

The size of the growing area is used to determine the number of plants to select for sampling. For less than 1 acre, including greenhouses, the agent will select a minimum of one plant, then take a cutting from that plant as a sample. For lots of 2 to 10 acres, including greenhouses, agents will select a minimum of one plant per acre, taking cuttings from each plant and combining the cuttings to form a composite sample. Samples from different lots must be kept separate and not be commingled.

For lots that are more than 10 acres, the USDA's separate sampling guidelines suggest a formula for determining the number of samples taken based on lot size. First, the agent must estimate the number of plants to be sampled, then the agent will adjust the estimate of plants by the acreage.

The agent is to walk from one end of the field or greenhouse to the other at a right angle through the rows, taking cuttings randomly throughout the acreage of the crop and avoiding collecting too many specimens from the borders of the field or greenhouse.

The cutting will be made just under the flower or bud of a plant, located at the top one-third of the plant, and the sample size must be large enough to provide volume for testing (see below).



Samples from each acre will be bagged and sealed in paper bags marked with the sample identification number as well as the agent's contact information, name and contact information for the producer, the producer's license or authorization number, date of sample, lot identification provided by the FSA, and any other information required by the state, tribe, law enforcement authorities, mail service or customer(s).

The USDA is requesting comments and information regarding the 15-day sampling and harvest timeline.

## TESTING

Testing must be completed by a DEA-registered lab using a reliable method of testing the THC level, either post-decarboxylation or other similar analytical methods including gas or liquid chromatography with detection. The USDA provides **testing guidelines** for registered laboratories.

	GC	HPLC
<b>Definition</b>	Gas Chromatography	High Performance Liquid Chromatography
<b>Mobile Phase</b>	Inert gas (such as helium or nitrogen)	Liquid solvent
<b>Stationary Phase</b>	A liquid on an inert solid support	Solid absorbent
<b>Separation</b>	Applied for gaseous separations	Applied for separation of fluids
<b>Temperature Control</b>	Column kept in oven to keep gaseous phase as is	No temperature control

Source: [www.differencebetween.com](http://www.differencebetween.com)

The total THC concentration reported must account for the conversion of delta-9 tetrahydrocannabinolic acid (THCA) into THC. Total THC, derived from the sum of the THC and THCA content, will be determined and reported on a dry-weight basis.

To provide flexibility for states and tribes administering their own hemp production programs, alternative sampling and testing procedures will be considered if they are comparable and similarly reliable to the USDA's plan and procedures.

Cannabis plants that have a THC-concentration level greater than 0.3% on a dry weight basis must be disposed of in accordance with the state, tribal or USDA plan.



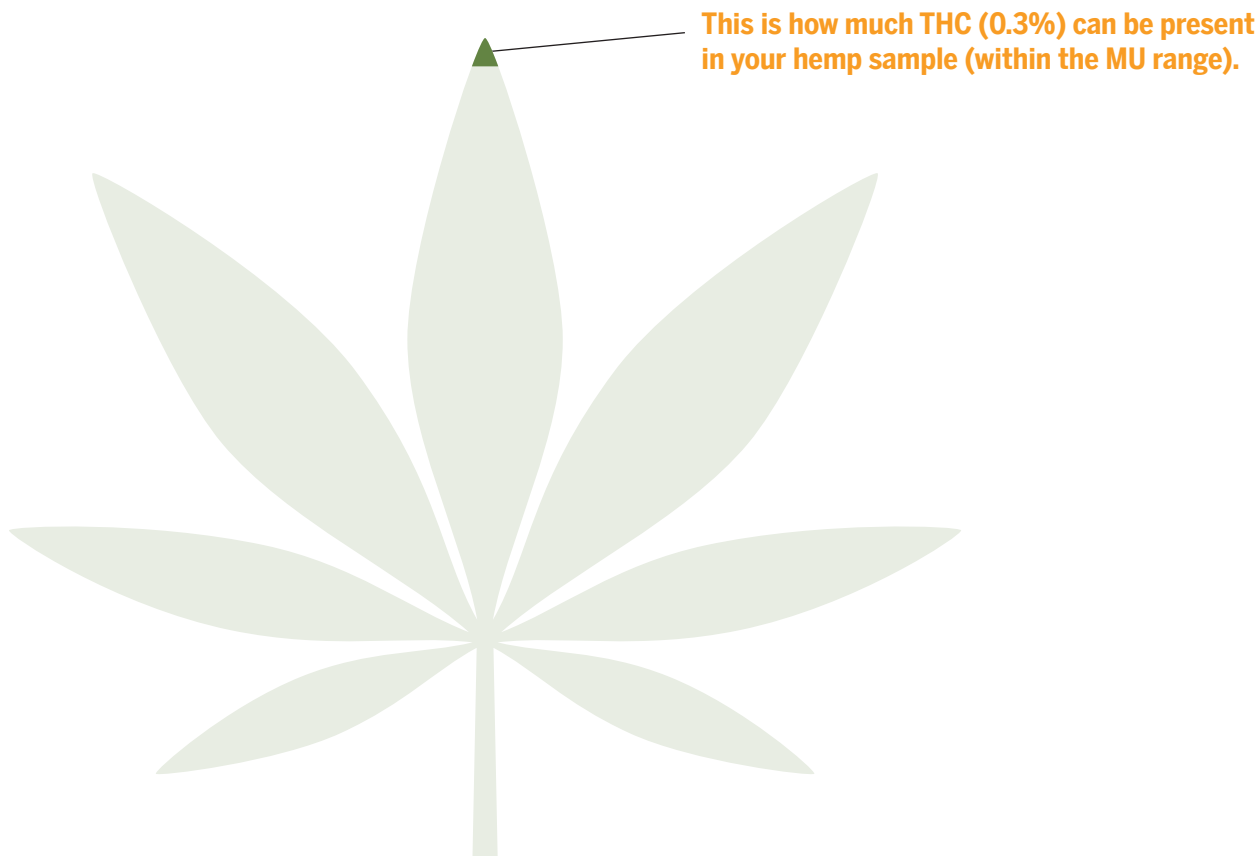
The rule requires that laboratories calculate and include the measurement of uncertainty (MU), similar to a margin of error, when reporting THC test results. The measurement of uncertainty produces a range, and the actual measurement has a known probability (at least 95%) of falling within the range.

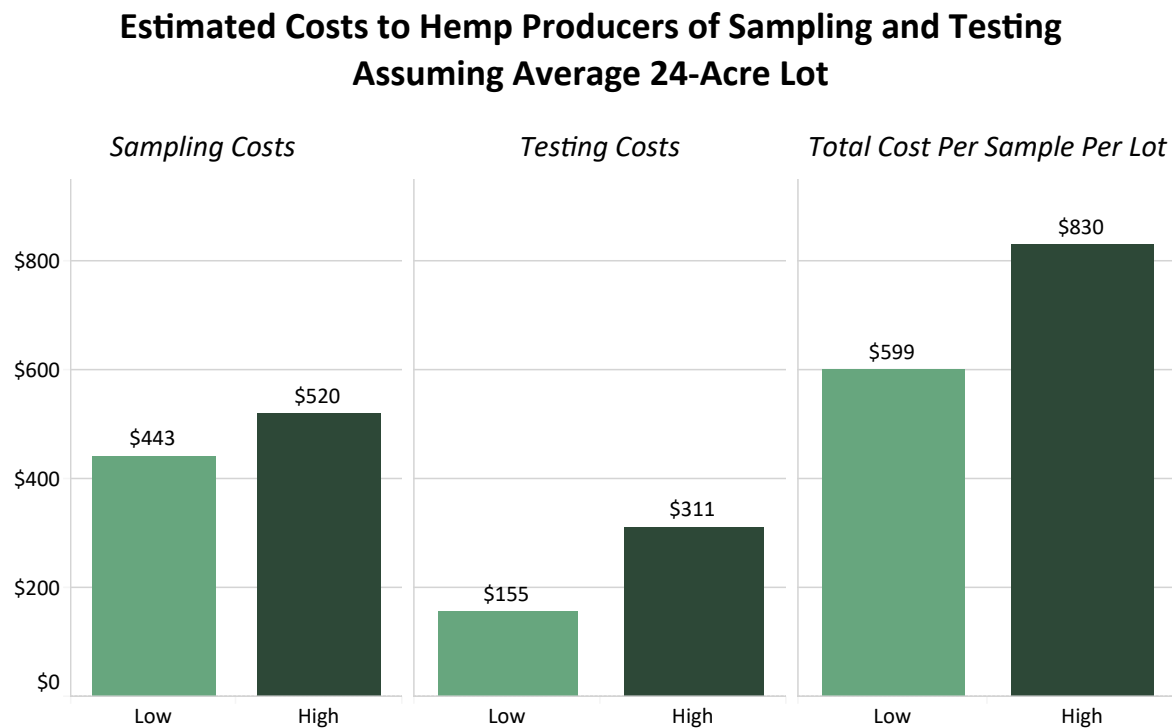
If 0.3% is within the range accounting for the measurement of uncertainty (for example, if the reported THC level is 0.35% and the MU is  $\pm 0.06$ , the range is 0.29%-0.41%), then the sample and lot it represents is considered hemp. But if the reported THC level is above 0.3% (for example, the MU is  $\pm 0.02$  and the range is 0.33%-0.37%), then the sample is considered marijuana.

If a licensed producer is notified that its cannabis crop exceeds 0.3% THC, the material must be disposed of in accordance with the CSA and DEA regulations for marijuana.

Crops that test above 0.3% and below 0.5% THC will not be considered negligent but still must be destroyed. The USDA will consider the entire harvest from a distinct lot to determine whether a violation occurred. However, if samples of five plants from distinct lots have a THC concentration above the acceptable level, or above 0.5% if the producer made reasonable efforts to grow hemp, the USDA considers this a negligent violation.

The USDA is requesting comments and information regarding the testing guidelines.



**CHART 9: Estimated Costs to Hemp Producers of Sampling and Testing Assuming Average 24-Acre Lot**

Source: U.S. Department of Agriculture

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It's not cheap to ensure hemp is not marijuana, and farmers are going to have to bear the costs of doing so. No money was allocated in last year's Farm Bill for the USDA to sample and test the new hemp crop for THC levels.

Hemp producers in existing state-level pilot programs are used to paying for THC testing themselves, and the national rule means that producers in one state won't pay dramatically different sampling and testing fees than producers in any other state.

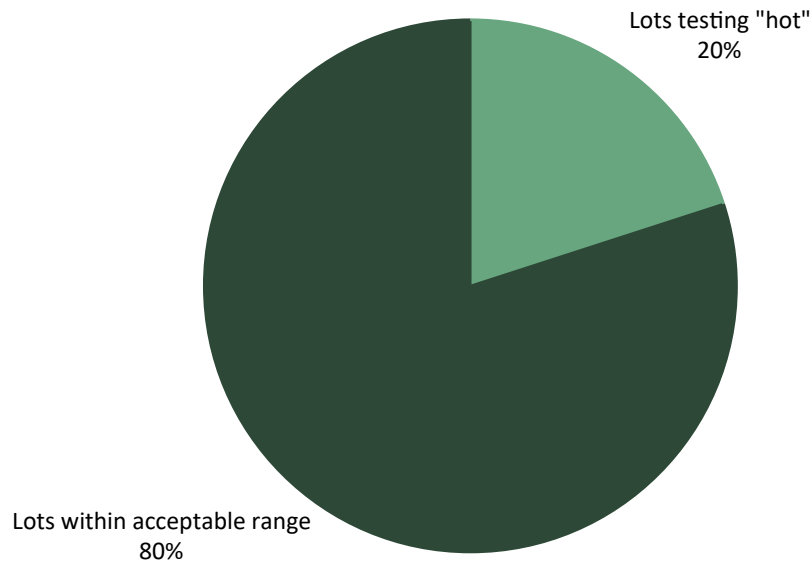
**Table: Costs to Hemp Producers of Sampling and Testing Under the Federal Plan Assuming An Average 24-Acre Lot**

Estimates	SAMPLING					
	Hourly Wage	Time (hrs)	Avg Drive Time (hrs)	Avg Mileage	Mileage Rate (\$/mile)	Total Cost
<b>Low</b>	\$152	0.5	2	107.5	\$0.58	\$443
<b>High</b>	\$152	1	2	108	\$0.58	\$520

Estimates	TESTING				
	Hourly Wage	Time (hrs)	Testing & Reporting	Total Cost	Grand Total Per Tested Sample Per Lot
<b>Low</b>	\$161	0.5	\$75	\$155	\$599
<b>High</b>	\$161	1	\$150	\$311	\$830

The USDA projects that a hemp farmer will pay \$443 to \$520 a year on sampling fees. Testing will cost another \$155 to \$311, putting a grower's total annual testing and sampling burden at \$599 to \$830 a year for a hypothetical 24-acre lot.



**CHART 10: Estimated Annual Proportion of Hemp Lots Testing “Hot”****Estimated Annual Proportion of Hemp Lots Testing "Hot"**

Source: U.S. Department of Agriculture

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The USDA expects that 1 in 5 lots of hemp will need to be destroyed in 2020 because the plants exceed the legal THC limit. The USDA concedes “there is no way to know for certain” how much hemp will fail a THC test; the agency says it arrived at its 20% failure projection “based on information discussions with states that have a hemp program under the 2014 Farm Bill.”

All failing hemp must be destroyed and can’t be used in any way, even as a construction component. USDA officials have replied to criticism by pointing out that farmers of conventional commodities face similar—and sometimes much higher—risks of total crop failure, making farming a high-risk investment.

Farmers hoping to become licensed to grow marijuana and hemp in states that allow both in order to avoid the potential problem of “hot” hemp will be disappointed. Cannabis grown as marijuana must be included in the state’s seed-to-sale tracking system, meaning hemp that goes “hot” can’t simply be shifted over to that channel.

# Crop Insurance, Capital Loans and Conservation Programs

Starting in 2020, cultivators licensed under federally approved production programs will have the same access to federal loans, crop insurance, disaster assistance and conservation programs that farmers of other commodities have under the various agencies under the U.S. Department of Agriculture (USDA).

The USDA's new interim final rule for hemp production is the first step to enabling hemp farmers access to those programs under the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS) and Risk Management Agency (RMA).

Once states and American Indian tribes that plan to regulate hemp production receive federal approval, permitted farmers can begin to apply for those programs.

## INSURANCE SPECIFICS

Farmers producing hemp for fiber, flower or seeds will be able to purchase federal crop insurance through the RMA's Whole Farm Revenue Protection (WFRP) program.

The WFRP provides coverage for agricultural commodities up to a total insured revenue of \$8.5 million and is common for specialty crops, organic commodities and nontraditional crops.

USDA crop insurance programs will not cover hemp crops that must be destroyed for exceeding the 0.3% THC limit, even if a failure stemmed from environmental factors such as temperature fluctuations.

Hemp will not qualify for replant payments under the policy.

Farmers looking to buy Whole Farm Revenue Protection policies must meet one of three criteria:

- A five-year history of farm income.
- A three-year history of farm income if they are beginning farmers or military veterans.
- A contract for **the purchase** of their insured industrial hemp crop.

RMA is working on additional insurance options for hemp producers.

Hemp producers who cannot access crop insurance will be able to purchase the FSA's Noninsured Crop Disaster Assistance, which will offer insurance coverage in the event of adverse weather conditions.

## ACCESS TO CAPITAL

The FSA is currently developing loan programs for hemp producers, which will be available on a limited basis.

Loan programs include:

- Operating loans.
- Ownership loans.
- Beginning farmer loans.
- On-farm storage loans.

Crop insurance programs, farm loans and other USDA programs are also administered to allow for equal opportunity among farmers.

## APPLYING FOR PROGRAMS

To take advantage of USDA programs, hemp producers will need to file an acreage report with their local FSA office, which is typically done after spring plantings are complete.

In filing required acreage reports, farmers must:

- Provide their USDA, state or tribal production license or authorization number.
- Identify each field, subfield, lot, greenhouse or structure where hemp is grown.
- Detail the intended use of the reported hemp acreage, whether it's fiber, flower, grain or seed.

## CONSERVATION INCENTIVES

Hemp producers that meet state and federal requirements will also be eligible to participate in four NRCS conservation initiatives in 2020:

- Environmental Quality Incentives Program.
- Conservation Stewardship.
- Regional Conservation Partnership Program.
- Agricultural Conservation Easement Program.

These programs provide financial and technical assistance to agricultural producers to help promote natural resources, protect and restore land and deliver environmental benefits.

More details on the USDA programs and reporting crop acreage are [available here](#).



# Transportation

The USDA interim final rule reiterates the 2018 Farm Bill language regarding interstate commerce and transportation of hemp, which explicitly says such shipments are allowed in the United States:

“No state or Indian tribe may prohibit the transportation or shipment of hemp produced in accordance with the interim final rule and with section 7606 of the 2014 Farm Bill through the state or territory of the Indian tribe, as applicable.”

However, the interim final rule also does not elaborate on how interstate transportation will be regulated or what will be done to protect producers moving their lawfully produced hemp from one state to the next for processing or commerce.

The USDA might have considered transportation to be outside its jurisdiction. However, the fact that the rules have been published and are currently in effect should help with law enforcement. At the crux of some of the interstate transport cases in the past was the argument that the protections under the 2018 Farm Bill were not effective until the USDA rules were issued.

The USDA will establish a database to be shared with state agencies and law enforcement, which will include licensure information and testing results, but there is no clarity as to when the database will be created and in place or what it will entail.

Meanwhile, industry attorneys recommend that producers take all necessary precautions to show every step of the supply chain and confirm that their product is lawful when transporting hemp across state lines. Producers should ensure their shipments include:

- Transportation manifest.
- Chain of custody for product.
- Production license information.
- Certificate of Analysis (COA) showing test results.

## EXPORTING HEMP

The USDA's interim final rule for hemp production does not affect the export of hemp. The rule states that if there is “sufficient interest” in exporting hemp in the future, the agency will work with the industry and other federal agencies to facilitate the process.

# Appeals

The U.S. Department of Agriculture (USDA) laid out two kinds of appeals for the hemp industry:

- Individuals denied a federal license to grow hemp.
- States and tribes whose hemp regulations don't pass USDA approval.

Individuals who want to appeal a license rejection have 30 business days to file an appeal to the USDA:

- Appeals must be sent in writing to the USDA's Agricultural Marketing Service.
- Appeals must explain why the license rejection is "not justified or is improper."
- Appeals decisions are final unless the rejected applicant requests a "formal adjudicatory proceeding" within 30 business days to review the rejection.

The rules are different for states or tribes appealing a USDA rejection. In those cases:

- States or tribes have the option to let hemp growers use the federal rules if they don't wish to appeal.
- States or tribes that wish to appeal have 30 days to appeal in writing to the USDA's Agricultural Marketing Service.
- If the state or tribe's appeal is rejected, farmers in the jurisdictions have the option to use the federal rules to apply for a hemp license.

The USDA rules don't lay out any procedure for hemp producers to appeal failed THC tests.